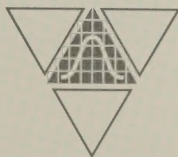


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SALARY ADMINISTRATION IN CANADIAN INDUSTRY 1980




PAY RESEARCH BUREAU

Public Service Staff Relations Board

CANADA





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SALARY ADMINISTRATION IN CANADIAN INDUSTRY 1980



PAY RESEARCH BUREAU
Public Service Staff Relations Board

CANADA



Cette publication existe également en français.

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.....ABOUT THE PAY RESEARCH BUREAU

PURPOSE

The Pay Research Bureau, Public Service Staff Relations Board, is located in Ottawa. Its primary mandate is:

- 1) To obtain objective information on rates of pay, employee earnings, conditions of employment and related practices prevailing both inside and outside the Public Service of Canada for the benefit of employers and, where there exists a collective bargaining relationship, to certified bargaining agents under the Public Service Staff Relations Act.
- 2) To develop and maintain a fund of up-to-date data and to conduct research studies to support the processes of collective bargaining in the Public Service of Canada. Bureau research and compensation findings are also made available at their request to conciliators and mediators of the Public Service Staff Relations Board and are also tabled as exhibits by the parties at interest arbitration.
- 3) To provide information on compensation and related matters in the Public Service of Canada to industry, provincial and municipal governments and other interested organizations when in the public interest.

BACKGROUND AND METHODOLOGY

Based on the concept of comparable rates for similar work performed inside and outside the Public Service, the Pay Research Bureau became operative on September 1, 1957, to collect data on rates of pay and working conditions essentially for positions in industrial organizations comparable to those in the Public Service of Canada.

The Bureau is now required to provide salary and working conditions information for some 75 occupational groups spread among the six occupational categories into which Public Service employees are classified. It undertakes salary surveys of scientific, professional, technical, administrative, office and operational personnel, as well as comprehensive employee benefit surveys. Each major survey covers, on average, approximately 200 organizations. In addition, special studies of individual occupations or specific conditions of employment, policies or practices may be conducted. Included among these are the annual survey of executive compensation and studies on salary administration policies and isolated post allowances.

The Bureau endeavours at all times to utilize the most efficient survey methods and to this end has introduced automated systems for the processing of survey data with the capability of producing high quality and timely information.

Data are normally collected on the basis of personal interviews with officials of participating organizations. This usually involves job evaluation or detailed matching of job duties and responsibilities.

PUBLICATION CRITERIA

The confidential data released to the Bureau by survey participants are accessible to only the few officers of the Bureau directly concerned and are published in aggregate form using conventional statistical measures. Rigid adherence to confidentiality criteria has enabled the Bureau over the years to guarantee the maintenance in confidence of the data furnished by individual participants.

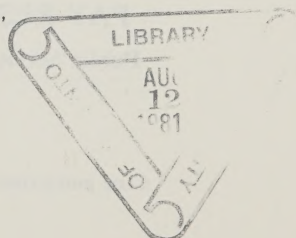
RESEARCH ACTIVITIES

A program of basic research in compensation and related subjects is carried on including studies of relevant economic factors. In recent years, much effort has been expended in expanding the scope of the collective agreement analysis manual. This document contains a reference to every clause of every Public Service collective agreement under the Public Service Staff Relations Act. Research work has also been undertaken on developing methods for costing the provisions of collective agreements and on cost benefit analysis. Special research studies are also undertaken on issues flowing from collective bargaining.

For further information regarding the Pay Research Bureau and its activities, address inquiries to:

Director General,
Pay Research Bureau,
140 O'Connor Street,
P.O. Box 1525, Station "B",
Ottawa, Ontario.
K1P 5V2

Tel: (613) 992-2800



SALARY ADMINISTRATION IN CANADIAN INDUSTRY

INTRODUCTION

The Pay Research Bureau's objective in conducting this study was to respond to the indicated need of members of the Advisory Committee on Pay Research and many continuing contributors to our surveys, for information on salary administration policies and practices applied to employee compensation in Canada.

In other survey programs and studies, we obtain extensive data on actual rates of pay, and benefits and conditions applying to employees. This study is the first of its kind published by the Pay Research Bureau, containing comprehensive details about salary ranges and how they are administered. Beginning with this study, we are establishing a permanent information system to enable us to report on, and to respond to, enquiries on current salary administration practices in Canada. We encourage organizations that wish to participate in future to advise us.

The voluntary contribution made by organizations that participate in our survey and research studies is important to the Bureau. Cooperation is based on our commitment to treat all information provided by each organization as strictly confidential. The use of this report is not restricted. Contents may be quoted in research papers or articles with the appropriate source identified.

We appreciate the effort the participating organizations put into this survey and acknowledge their cooperation with thanks. We hope that the results are useful to them, and to a broad range of professionals engaged in employee compensation determination. The Bureau assumes full responsibility for the quality and accuracy of the contents of the report.

This study was prepared by staff of the Operations Branch, J.T. Cunningham, Director. M.C. Brown conducted the survey and wrote the report, with the assistance of M.J. Bailey. The assistance of other Bureau staff who contributed to the survey and the publication of the report is appreciated.

R.C. Des Lauriers,
Director General.

April, 1981

INTRODUCTION

The following information is intended to provide a general overview of the Canadian market for the year 1981. It is based on data collected from a variety of sources, including government statistics, industry reports, and market research. The information is presented in a summary format, highlighting key trends and opportunities. It is important to note that this information is not intended to be a substitute for detailed market research or professional advice. The data is subject to change and should be used as a guide only. The following sections provide a detailed breakdown of the market data, including a comparison of the 1981 market with the 1980 market. The data is presented in a clear and concise manner, making it easy to understand and use. The information is presented in a summary format, highlighting key trends and opportunities. It is important to note that this information is not intended to be a substitute for detailed market research or professional advice. The data is subject to change and should be used as a guide only.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY - 1980

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SALARY ADMINISTRATION IN CANADIAN INDUSTRY

EXECUTIVE SUMMARY

Introduction

As a result of numerous requests for information by many of our regular survey participants, and of an expressed interest within the Federal Public Service, for details of salary administration practices of Canadian private sector employers, in the fall of 1980, the Pay Research Bureau undertook a survey of a representative sample of organizations that regularly participate in PRB surveys. We asked them for extensive information on their salary administration policies and practices.

Our aim was not only to publish a report on those practices, but also to establish an information system which would provide for easy future updating and would give us the capability of responding to requests for additional information. We also aimed at producing a report which would be useful to a broad range of users of Pay Research Bureau data.

A total of 34 companies reported data in this survey. Comparisons between the employment of these organizations and the employment in a "target population" indicate that our sample is fairly representative of the distribution of employment by industry and by region in Canada. However, at a future updating, tentatively scheduled for two years time, an attempt will be made to improve that representativity.

Information was collected for employees in five defined categories. These were: Management and Administrative (MGT), Professional (PROF), Technical (TECH), Office and Non-Office. The definitions of these employment categories are on page 16. Because only about half of the responding organizations were able to provide detailed employment data on the basis of these five categories, it was not possible to present the data in this report on the basis of the number of employees subject to the various practices reported. Instead, all of the tables in the report count the number of organizations having the various practices.

To assist users of this report, at the beginning of each section we have listed certain highlights which are, in our opinion, some of the key findings of the survey. Readers should be able to obtain a general appreciation of our findings by reviewing these highlights.

Job Evaluation Systems

Almost all organizations surveyed reported having a formal job evaluation plan for their employees in the Management, Professional, Technical and Office categories. Most respondents also reported a job evaluation plan for Non-Office employees.

EXECUTIVE SUMMARY

The most popular job evaluation plans are point-rating systems. More than half the responding companies advised that they used these plans for their Management, Professional, Technical and Office employees. The most frequently reported job evaluation system for Non-Office employees was ranking.

Most participating organizations indicated that normal practice was to use a single job evaluation plan to cover all occupations within the defined employment categories. In many cases, the same plan was used for more than one of the employment categories. Only in exceptional cases were separate classification plans used for particular occupations.

Company practices in disclosing to employees details of their job evaluation plans vary widely. Some organizations provide almost total disclosure of plan details to employees while others provide no information. No predominant practice is evident from the data collected in this survey.

When employees are dissatisfied with the evaluation of their job, redress procedures are available in most organizations, whether employees are unionized or not. However, the highest level of appeal within the redress procedures differs significantly among the responding companies. In some organizations, the employee's immediate supervisor is the final level, while, in other cases, the employee may take his complaint as high as the Chief Executive Officer or to third party arbitration.

Types of Wage and Salary Structures

The participating organizations were asked to identify the basic type of wage and salary structures used for each of the employment categories. Subsequently, more detailed questions were asked about five major types of structures. While the complete definitions of these salary structure types are shown on page 44, the following will provide some information on the key features:

- A. Minimum - Normal Maximum Salary Range - The Maximum rate is attainable by all employees with sufficient service and continuing fully satisfactory performance.
- B. Minimum - Normal Maximum - Merit Maximum Salary Range - Satisfactory performers with sufficient service can attain the Normal Maximum rate. The portion of the range above the Normal Maximum is usually attainable only by Superior or Outstanding performers.
- C. Minimum - Merit Maximum Salary Range - There are no defined Normal Maximum rates. However, the Merit Maximum is only attainable by Superior or Outstanding performers.
- D. Basic Range + Performance Bonus System - Under this pay system, in addition to the Basic Range or Single Rate System, employees may receive a separate bonus for Superior or Outstanding individual performance.

EXECUTIVE SUMMARY

- E. Single Rates System - No salary ranges exist under this system. Single rates of pay are established for each job grade or level.

The most popular type of pay system for the Management, Professional, Technical and Office employees is the Minimum - Normal Maximum - Merit Maximum Range. In each of these four employment categories, more than 60% of the organizations reported that they had at least some of their employees on this type of range. For Non-Office employees, the most frequent practice is to pay Single Rates of Pay. Fifty-eight percent of the responding organizations had some or all of their Non-Office employees on Single Rates Systems.

For Office and Non-Office employees, the second most popular type was the Minimum - Normal Maximum salary range. Forty-four percent of the organizations with Office employees and 39% of those reporting Non-Office employees had some of their employees in these two categories on this range type.

The following paragraphs summarize the more detailed information collected about salary administration practices under five types of pay structures.

Single Rates Systems

Fifty-three percent of the responding organizations stated that some of their employees were paid under Single Rates Systems. These systems applied primarily to Non-Office employees. Employers had difficulty reporting the size of differentials between classification levels for employees on Single Rates Systems. Only half of the companies with such systems were able to report the size of the differentials. Of those, the average spread between levels was reported as being 3.8% for Non-Office employees.

Very few of the organizations surveyed had separate supervisory differentials intended to compensate supervisors under Single Rates Systems. Some of the organizations advised that there were no supervisory employees paid under these systems. Others indicated that the compensation for supervision was built into the job evaluation system.

Minimum to Normal Maximum Salary Structures

Half the participating organizations reported that some of their employees were on salary ranges of this type. These ranges were found more frequently in the Office and Non-Office employment categories than in the other three categories identified in the questionnaire.

In most cases, the salary ranges overlapped one another. That is, the Maximum rate of a range was generally higher than the Minimum rate of the next higher salary range. The spread between Minimum and Maximum rates of

EXECUTIVE SUMMARY

each individual salary range averaged from 26% to 39% in the five employment categories used in the questionnaire. The differentials between the Maximum rate of each range and the Maximum of the next lower range averaged from 6% to 14% in the five employment categories.

The survey found no predominant practice in the internal-external rate comparisons used by companies for their rates setting. A wide variety of comparisons were reported.

In the Office and Non-Office categories, progression through these ranges was most frequently on the basis of fixed step rates which were granted one-step-at-a-time for satisfactory performance. For employees in the Management, Professional and Technical categories on these ranges, the most frequent practice was for employees to receive variable increases within the ranges based on individual performance. Survey respondents indicated considerable difficulty in reporting on the size of typical or average increases within the ranges. Where fixed steps or standard increases applied, the average of the increases reported for satisfactory performance was approximately 3%.

Where employees progress through the ranges on the basis of variable increases dependent on their individual performance, most organizations reported that they considered both the employee's assessed level of performance and his position in the salary range in determining the size of his in-range increases.

Minimum - Normal Maximum - Merit Maximum Systems

Eighty-five percent of the survey participants reported that this range type was used for some or all of their employees.

In all cases, companies reported that the salary ranges overlapped. That is, the Maximum rate of each range was higher than the Minimum rate of the next higher range. The Normal Maximum rate was most frequently reported as being located at the mid point of the companies' salary ranges. However, in each of the five employment categories, more than 45% of the companies with this range type reported that their Normal Maximum rates were above the mid points of the ranges. Where companies identified a separate Control Point, that is, a rate between the Minimum and Merit Maximum used to construct the salary range, in about half the organizations in each employment category the Control Point and Normal Maximum rates were the same. Where the Control Point was different, it was most frequently located at the mid point between the Minimum and Maximum rates, with the Normal Maximum being higher.

The percentage spread between the Minimum and Merit Maximum rates in the ranges averaged from 39% to 46% in the five employment categories. A significant number of organizations reported a constant percentage spread for all levels with ranges of this type. Most frequently these organizations reported a constant spread of 50% from Minimum to Merit Maximum.

EXECUTIVE SUMMARY

The percentage spread from Minimum to Normal Maximum averaged from 22% to 26% in the five employment categories. The differentials between ranges, that is the difference between the Normal Maximum or Control Point rates of one range and those same rates of the next lower range, were reported as averaging 8% to 10.6% in the five categories.

A wide variety of practices were reported by companies in making their internal-external rate comparisons. No predominant practice was identified.

In most cases, progression of employees through the salary ranges is on the basis of variable increases determined by individual employee performance. While most companies look at the employee's assessed level of performance and the position of his current salary in the range, a significant number of organizations also reported considering the employee's length of service as a criterion for determining the size of salary increases within ranges of this type.

In all cases, the companies stated that the primary basis for progression beyond the Normal Maximum rates of the ranges was above average performance. However, a significant number also indicated that their policies had flexibility to meet particular problem situations. For example, progression beyond the Normal Maximum in some instances might be based on market considerations, such as the recruiting and retention of employees.

While a significant number of organizations were unable to report on their distributions of employees within the salary ranges, the resulting data indicate that, on average, the responding firms paid between 22% and 37% (depending on the employment category reported) of their employees above the Normal Maximum rates of their salary ranges.

Minimum - Merit Maximum Salary Structures

Fifteen percent of the total companies surveyed had some employees on this type of salary range. In all cases, these range structures applied to employees in the organizations' Management, Professional and Technical categories. In a few cases, organizations also used this range type for Office employees.

In all companies, salary ranges of this type overlapped one another. That is, the Maximum rate of a range was generally higher than the Minimum rate of the next higher salary range.

All the organizations had established a Control Point between the Minimum and the Maximum. In almost all cases, that point was half-way between the Minimum and Maximum values.

EXECUTIVE SUMMARY

Not all respondents were able to report on the percentage spread between Minimum and Maximum rates for each salary range. The average spread for those reporting employees in the Management, Professional and Technical categories on this range type was 53%. The average for Office employees was 43%.

Where organizations were able to report data on the average percentage differential between salary range Maximum rates, 9% was the average differential for Management, Professional and Technical employees on this type of salary structure. No differentials could be reported for Office employees because an insufficient number of organizations was able to report the required data.

No predominant practice was evident in the methods used to compare internal ranges with external market rates. A variety of comparisons were reported.

All employees subject to these ranges progress through them on the basis of variable increases dependent on individual performance. In determining these in-range increases, all organizations reported they considered both an employee's assessed level of performance and his current position in the range. One organization reported that it also considered length of service at the present salary level in determining the size of individual increases.

While most participants were unable to report the exact distribution of employee's rates within the ranges, the majority of respondents did indicate that under ranges of this type the average or satisfactory performers' rates tended to cluster at the mid points of the ranges.

Basic Range + Performance Bonus System

Twenty-one percent of the responding organizations indicated that they had some employees who were eligible for performance bonuses in addition to basic salary ranges. These companies also provided information on the basic type of salary range applying in each case in addition to the required information on the performance bonus system.

The most frequently reported basic type of salary range, where the performance bonus system applied, was the Minimum - Normal Maximum - Merit Maximum structure.

Few companies were able to provide amounts of the bonus expressed as percentages of basic pay. Only for the Management and Professional categories were there enough respondents providing data for the average values to be published. The average percentage values for the highest level of performance for Management and Professional employees in these organizations was reported as 15% of basic pay. The average percentage for the lowest level of performance that merited an increase for employees in these two categories was reported as 7.5%.

EXECUTIVE SUMMARY

Survey respondents indicated a variety of practices with respect to bonus timing. In many cases, the bonuses are paid at the end of a fiscal year and in some cases they can be split into more than one payment.

The bonuses often do not count as part of salary for any employee benefit. Where they do count, it is most common for them to be considered part of salary for pension purposes only. In almost all cases, these performance bonuses are paid to employees in a single sum.

Geographic Pay Differentials

The objective of this section of the questionnaire was to obtain information on organizations' practices in setting compensation rates for employees working at different locations in Canada. When participants reported different rates by location, or indicated that they applied company-wide pay scales in a different manner dependent on the employee's work location, additional information on the methodologies used was sought during follow-up telephone calls.

Sixty-five percent of the organizations surveyed had provision to pay some classes of employees different rates of pay at different locations. Such practices were most prevalent in the Office and Non-Office categories as defined in the questionnaire. However, there were also a significant number of organizations paying different geographic rates for Technical employees. Most organizations had company-wide or national pay scales for Management and Professional employees.

While some information is presented in the report, responding companies had great difficulty reporting the number of employees paid different rates by location and the size of the pay differentials. Therefore, the data on these items should be used with caution.

Organizations with geographic pay differentials indicated that they were heavily influenced when establishing these different rates by the data reported in surveys. This included both surveys conducted by the organizations themselves and by other survey organizations.

Where company-wide pay scales applied, most companies made no provision for any different treatment within those scales for employees at different work locations.

In responding to the questions on employee transfers, which were included in this section of the questionnaire, the majority of organizations reporting employees on company-wide pay scales indicated that pay increases were received on the majority of transfers. Where employees were paid on a system of geographic pay differentials, the largest number of organizations reported that there were rarely any employee transfers for these classes.

EXECUTIVE SUMMARY

There is no single predominant methodology followed in establishing the geographic pay differentials. The most frequently reported practice was the establishment of a "baseline" rate for some of the companies' locations, with a differential paid for the same classes of employees at other specified locations above and below the baseline rate. These differentials depend on the companies' assessments of community pay rates and cost of living.

Other Salary Administration Practices

The survey also sought information from respondents on a number of other salary administration practices including the companies' policies on promotion of employees, action taken when employee's jobs are "red circled", the numbers of pay schedules used and the number of ranges within those schedules, the factors considered by respondents in making pay schedule adjustments, and the type of survey data used by them in determining the level of rates in the outside labour market. In addition, the Bureau used this survey as an opportunity to obtain from respondents comments and suggestions on its own survey programs.

When employees are promoted to higher level positions, responding companies indicated they had a variety of practices to determine the employee's new rate of pay. For Non-Office employees, the most frequent practice was to pay employees the rate for the job, where single rates apply, and at the Minimum of the range where salary ranges apply. For employees in the remaining four categories, in a majority of cases, employees were entitled to be paid at least at the Minimum rate of the new range. However, there are often additional provisions such as a guaranteed minimum increase or, in some cases, an established maximum percentage increase.

Where external market rates for a particular occupation are found to be significantly higher than company rates, responding organizations reported a variety of actions that would be taken. For Non-Office employees, the largest number of organizations reporting a single practice, indicated that no action would be taken during the term of the existing collective agreement. For employees in the other categories, two frequently-given responses were that companies would revise their job evaluations or would create unique salary schedules. Significant numbers of other organizations indicated they had flexibility in the administration of their salary ranges to permit faster than normal progression within the ranges or easier access to higher sectors of their ranges in such situations.

In the reverse situation, where external market rates for a specific occupation are found to be significantly lower than company rates, a large number of organizations indicated they would take no action. Several other organizations indicated they had no established policy, with many noting that they had never encountered this situation.

EXECUTIVE SUMMARY

When an employee's job is "red circled", that is when the job no longer merits its present rate or range, responding organizations reported many different methods of bringing the employee's rate in line with the rate for the new level. The most frequently reported practice for Management, Professional, Technical and Office employees was the granting of partial salary increases. For Non-Office employees, companies most frequently reported that managerial discretion was applied in each individual case. Also, many of the organizations reporting specific established policies stated that managerial discretion would determine the action in any individual case.

Regarding the number of pay schedules, the most frequent response under each of the five employment categories was that one pay schedule applied to all employees in that category. Within those schedules, a significant number of organizations were unable to report the average number of salary ranges per schedule applying to individual employment categories.

It was found to be quite common for responding organizations to have single pay schedules that overlapped more than one of the employment categories used in this survey. The most frequently reported cases of salary schedules that overlapped two or more categories occurred between the Management and Professional categories, with seven (21%) of the 34 participants reporting that practice.

A relatively small number of organizations reported separate pay schedules applying to individual occupations within the employment categories identified in the questionnaire. The most frequently reported classes on separate schedules were ones in the computer systems field, including Computer Systems Analysts and Programmers as well as Data Processing support personnel.

Survey respondents reported that a broad range of factors were considered in determining the size of their pay schedule adjustments. The most frequently referred to factors were pay levels in both the community and the industry, the size of pay increases in the community, the industry and in Canada, and movements in consumer prices.

Pay Research Bureau data was reported as being used in a very high percentage of the organizations participating in this survey to determine the compensation levels of their employees. Where PRB data are used, most responding organizations indicated that they used them both to assess general trends and as one of a number of data sources for setting compensation rates.

Most companies reported using surveys other than those conducted by the Pay Research Bureau: 41% of the respondents indicated that they carry out their own surveys and a significant number reported using surveys conducted by a variety of survey organizations.

EXECUTIVE SUMMARY

Selected Companies' Policies and Practices

In order to make this report as useful as possible to a wide range of users, the Bureau has added, as the final section in this report, a description of two individual companies' actual practices and salary administration, based on the information reported in this survey.

In other reports of this type, the user of the data can get a picture of the most popular practices of the responding companies in each aspect of salary administration. However, the individual companies' practices are lost in the aggregate of data. It is impossible to say that any individual company has the most popular practices reported in all aspects of salary administration studied. To obtain information on how actual companies really do it, it is necessary to examine individual company information.

Normally, that information on individual companies cannot be published because it would breach the confidentiality with which individual survey returns are normally treated. In Section 11 of this report, the Bureau has reported data on two individual companies without identifying them.

The two participants, called Companies "A" and "B", gave their permission, after reviewing a draft of this section of the report, to publish the information on their salary administration practices. We are grateful for that consent. We believe that adding this section provides a useful overview type of information to the compensation practitioner who would like to know whether the practices adopted by his organization are or are not in line with what is done by other individual organizations.

In selecting the two companies, we tried to be as representative as possible of the employment distribution in the survey, the degree of unionization of the responding companies, the size of the responding organizations, the types of salary structures reported by the respondents and the types of job evaluation plans indicated. It was impossible for us to pick two companies that gave us an ideal representation of all characteristics and practices of all participating companies. However, we believe that the descriptions of two organizations will serve as a useful guide to actual practices. We hope that this added feature of our survey is informative to users of this report and we would welcome any comments or suggestions as to its utility.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 1

SURVEY METHODS AND SOURCES

Introduction

The objectives of this study were:

1. To report on salary administration policies and practices for a representative sample of Canadian private sector employers;
2. To establish an information system which would provide for easy future updating as well as be useful for responding to additional requests for information;
3. To publish a report which would be useful to a broad range of users of Pay Research Bureau data.

The information presented in this report was obtained from questionnaires completed by 34 participating companies under one of the following methods:

- A. Completed by the survey participants and clarified by the Bureau during a subsequent telephone discussion;
- B. Completed by the participants and a Bureau officer during a personal visit; or
- C. Completed by the Bureau based on source documents mailed in by the survey participant, with subsequent telephone clarification.

Most survey participants elected method A above and completed the questionnaires themselves. The information received was edited for internal consistency within the questionnaire and through an examination of information which had been reported to the Bureau in other surveys. In most cases lengthy telephone discussions were necessary to clarify and verify the responses. Subsequently, each survey participant received a copy of the final version of the data on its salary administration practices that is currently contained in the Bureau's data bank. Because of the many changes and additions made by PRB officers in the editing process, the companies were asked to review the information for accuracy and completeness and to identify any necessary changes to the Bureau.

Effective Dates of Information Reported

Generally the practices reported are those in effect in the surveyed companies as of September 1980. Most of the questionnaires were mailed out in August and most had been completed and returned to the Bureau by the end of September.

In a few cases the information is more current. A few organizations advised that some changes in policies were to be implemented shortly after the survey questionnaire was completed. In those cases, the Bureau included only this latter policy in the data bank information on which this report is based.

SURVEY METHODS AND SOURCES

The Survey Sample

The selection of the sample was based on the following objectives:

1. Due to resource limitations, the organizations were to be few in number and, if possible, survey visits were to be restricted to the Montreal, Toronto and Ottawa areas.
2. The organizations were to be major contributors to Pay Research Bureau salary surveys.
3. The organizations were to provide a reasonable representation of Canadian employment by industry and by geographic area.
4. Only private sector organizations were to be included in the sample.

Originally 36 companies were selected for participation. Of those, four declined to participate and we were successful in obtaining the participation of two substitutes. Thus the present report shows data for 34 organizations.

In designing the sample for this study, the Bureau used the Statistics Canada Employment and Payrolls Survey data for "Larger Firms" (those with 20 or more employees during any one month of a year) as the target population. Tables 1 and 2 show the employment figures for those organizations responding to the survey in comparison with the target population.

We did not use all of the major industrial groupings which are reported in Statistics Canada's survey. We left out Forestry, Construction and Public Administration. Also, the Employment and Payrolls Survey does not cover establishments in Agriculture, Fishing and Trapping, Education and Related Services, Health and Welfare Services, and Recreation Services. Thus the target population of this study is not the same as that used for our biennial Survey of Benefits and Working Conditions. The sample for the Salary Administration study gives more emphasis to the private sector.

Examining Tables 1 and 2 indicates that there are some deficiencies in the representativity of our sample. This was expected from the commencement of the survey because of the limited resources available which meant only a small sample of organizations could be surveyed. In the case of Mining, the head office of one of the participating companies was unable to report on the majority of its workforce. One company in Manufacturing was not able, at the time of the survey, to report on its unionized workforce, which represented the majority of its employees. Some improvements in geographic representation will be an objective when this study is updated.

TABLE 1

Employment by Major Industry in Sample
Compared to Employment in Target Population

<u>Major Industry Group</u>	<u>Target Population Employment*</u>		<u>Sample Employment</u>	
	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Mining, incl. Milling	135,400	3.1	3,636	0.9
Manufacturing	1,643,200	37.8	141,736	34.0
Transportation, Communication and Other Utilities	713,800	16.4	142,268	34.2
Trade	882,700	20.3	60,182	14.4
Finance, Insurance and Real Estate	374,500	8.6	52,723	12.7
Service	600,800	13.8	16,008	3.8
<hr/>				
Total Employment	4,350,400	100.0	416,553	100.0
<hr/>				

* Statistics Canada, Larger Firm Employment (firms with 20 or more employees), Selected Industries. Source: Employment, Earnings and Hours (Cat. No. 72-002). Annual average of monthly estimates for 1979 was provided by Statistics Canada.

TABLE 2

Employment by Province in Sample
Compared to Employment in Target Population

<u>Province</u>	<u>Target Population Employment*</u>		<u>Sample Employment</u>	
	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Atlantic Provinces	271,700	6.3	12,241	2.9
Quebec	1,086,300	25.0	111,720	26.8
Ontario	1,888,400	43.5	211,110	50.7
Manitoba	186,300	4.3	19,489	4.7
Saskatchewan	101,900	2.3	7,477	1.8
Alberta	358,800	8.3	26,984	6.5
British Columbia	447,500	10.3	27,053	6.5
Yukon & Northwest Territories	N/A	— (1)	479	0.1
Total	<u>4,340,900</u>	<u>100.0</u>	<u>416,553</u>	<u>100.0</u>

* Statistics Canada, Larger Firm Employment, Selected Industries as shown in Table 1. Source: Employment, Earnings and Hours (Cat. No. 72-002). Statistics Canada provided annual average of monthly estimates for 1979.

- (1) Statistics Canada could not provide the annual average of the monthly estimates in 1979 for Yukon and Northwest Territories. Therefore, the Total figure for the Target Population above only includes employment in the ten provinces. The Bureau estimates that total employment in these two territories is about 0.2% of the Total shown for the ten provinces.

SURVEY METHODS AND SOURCES

In summary, users are cautioned that the current report presents information on a relatively small sample of Canadian companies. While an effort was made to achieve geographic and industrial representativity, it was not possible to accomplish all such goals given the small sample to be surveyed.

Coverage By Type of Employee

Salary administration systems for Executives were not surveyed for this report. The systems studied were those for employees in the occupational categories identified as:

Management and Administrative (MGT)

Scientific and Professional (PROF)

Technical (TECH)

Office

Non-Office

Definitions for these categories as used for this study appear on page 16.

Companies experienced considerable difficulty in determining the numbers of their employees which compared to the occupational categories defined in the questionnaire. As a result, the information which follows on numbers of employees by categories has been grouped based on the data companies were able to provide.

Many responding organizations stated that the numbers reported by category were only rough estimates. Further, many companies extracted the information on distribution by employment category from a different source than that used for the distribution on a geographic basis, so the total employment figures were different.

No numbers of employees are shown in the following presentations. Only the average percentage distribution of employees, as reported in the companies able to report on different bases, are presented.

SURVEY METHODS AND SOURCES

Definitions of Occupational Categories as they Appeared on the Survey Questionnaire

Executive:	Officers involved in planning and policy typically reporting to the presidential level and higher. TO BE EXCLUDED FROM THIS SURVEY.
Management and Administrative (MGT):	<p>Employee groups below the executive level engaged in the planning, execution, conduct and control of programmes, and the requirements of internal management; includes junior supervisory occupations through middle management, specialists and senior management up to but excluding the executive level.</p> <p>This category includes managers and specialists in fields such as marketing, personnel, purchasing, accounting, public relations and general administration. EXCLUDE EMPLOYEES IN DIRECT SALES.</p>
Professional (PROF):	Employees whose work is predominantly non-routine, requires discretion and judgement and is based on the application of a comprehensive body of knowledge such as actuarial science, architecture, biology, chemistry, economics, education, engineering, law, medicine, or nursing.
Technical (TECH):	Employees engaged in the conduct of analytical, experimental and investigative duties in the natural, physical and social sciences, including the design, construction, inspection, operation and maintenance of complex equipment systems and processes. The requisite knowledge and skills are normally acquired through completion of secondary school and specialized training. Examples of occupations include draftsmen, technicians, technologists and quality control inspectors.
Office:	Clerical, secretarial and general office workers, including those providing data-entry and computer operations support in electronic data processing.
Non-Office:	Wage earners or hourly paid staff engaged in production, maintenance, warehousing, shipping, delivery, etc. and working foremen.

SURVEY METHODS AND SOURCES

Only 16 companies were able to report numbers of employees on the basis of the five categories used in the questionnaire. The average percentage distribution for their employment is shown below.

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>	<u>TOTAL</u>
Average percentage distribution of total number of employees	14.2%	8.3%	7.2%	33.2%	37.1%	100.0%

An additional 11 organizations were able to separate Non-Office and Office but could not distinguish between Management, Professional and Technical employees. Combining their employment with the preceding 16 companies, the following shows the employment distribution for a total of 27 organizations.

	<u>MGT, PROF AND TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>	<u>TOTAL</u>
Average percentage distribution of total number of employees	27.6%	29.2%	43.2%	100.0%

An additional five companies were only able to distinguish their Non-Office employees from employees in the other four categories. Combining their numbers of employees with the preceding 27 companies, the following shows the average distribution of total employment for 32 responding organizations.

	<u>MGT, PROF, TECH AND OFFICE</u>	<u>NON- OFFICE</u>	<u>TOTAL</u>
Average percentage distribution of total number of employees	57.7%	42.3%	100.0%

SURVEY METHODS AND SOURCES

Of the two companies that are not included in the above employment distributions, one company was unable to give numbers of employees based on the employment categories in the questionnaire. The other company could not separate Management from Professional employees, nor could it separate its Technical and Office employees from its Non-Office employment.

Because of the difficulty organizations had in separating their employment according to the employment categories identified, we are unable to weight the results of this survey by numbers of employees. Therefore, in the balance of the report our tabulations show the numbers of organizations reporting a particular provision or practice with these numbers expressed as a percentage of the total number of organizations reporting.

In summary, the Bureau is presenting the information on coverage by type of employee so that it may be useful in applying the results of the survey. However, because many responding organizations stated that they were reporting roughly estimated employee numbers in the defined categories, and because it was not possible for all organizations to present the required information, the above average employment distribution information should not be used as a precise measure.

SURVEY METHODS AND SOURCES

Employees Covered by Collective Agreements

Respondents also experienced considerable difficulty in reporting numbers of employees under collective agreements by occupational category. Many indicated they were only providing rough estimates.

Because of this, and because many companies could not give numbers of their employees according to the occupational categories used in the questionnaire, no data is reported on actual numbers of unionized employees by category. Tabulations A and B which follow may provide some useful information. Note that the two organizations unable to report on their entire workforce are not counted in these tables. Both are known to have unionized employees at least in the Non-Office category.

In total 26 (81%) of the 32 organizations able to report their full employment had some employees under one or more agreements. The total number of employees under collective agreements represented 48% of the total employees reported by these 32 companies.

Two of the organizations, one counted in the Office category and one in the Non-Office category of the A tabulation, did not report numbers of unionized employees. Each stated that very few employees were organized in those categories. In both cases the companies indicated that conditions were substantially the same for unionized and non-union employees and they did not report separate practices for the small organized group in each category. Therefore, in the balance of this report, the total number of organizations reporting on their unionized employees in the Office and Non-Office categories is one less in each case than the numbers shown in the A tabulation on page 20 for those categories.

In ten organizations all employees in the Non-Office category were unionized and one company reported that all of its Technical and Office employees were under collective agreements. In all other cases, something less than the total organization's employment in a category was reported as being under agreements.

SURVEY METHODS AND SOURCES

A. Number of Organizations With Some Employees Under Agreements.

	Number of Organizations by Employment Category				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations* Reporting Some Employees Under Collective Agreements	1	3	5	13	25
% of Total Organizations* Reporting by Category	3%	10%	17%	41%	83%

B. Proportion of Employees Covered by Collective Agreements

<u>% of Total Organization's Employment Covered by Collective Agreements</u>	<u>Number of Organizations*</u>
0%	6
less than 1%	3
1% - 19%	2
20% - 39%	4
40% - 59%	4
60% - 79%	11
80% - 100%	2
Total	<u>32*</u>

* Limited to the 32 organizations that were able to report on their entire workforce.

SURVEY METHODS AND SOURCES

Questionnaire

The survey questionnaire was developed with the cooperation of interested representatives of the Advisory Committee on Pay Research. The balance of this report is structured to directly parallel the structure of the questionnaire. Each of the major topics is a separate section of this report. The format of the report presents the question which was posed to participants immediately followed by the responses received to that question.

It is the normal practice of the Bureau to include a copy of the full questionnaire used in each survey as an appendix to each report. However, because of the way the information is presented, it was not considered necessary to follow that practice in this report. While there has occasionally been a slight re-wording of the question to make it more suitable for the report form, readers are advised that the full substance of each question has been retained in the report. Under many questions several possible responses were printed on the questionnaire to ease the participants' task of responding. In almost every case, the wording of the responses shown in this report are the ones that were provided on the questionnaire. We would be pleased to provide a copy of the full questionnaire on request.

Presentation of Results

In the following pages we have presented the responses to the questions raised in the survey questionnaire in a format that we believe will be most informative to the data user. As a basic principle, we have tried to report the maximum of potentially useful detail consistent with protecting the confidentiality of individual returns. There are some cases where we are presenting information about which we have some reservations. In those instances we have highlighted in the narrative any reservations we have about the accuracy or consistency of the information provided.

As may be expected with any survey of such a broad subject matter area with such varying practices, there has been some "force-fitting" of the results in preparing this report on the survey. The Bureau takes full responsibility for these decisions as to how the findings should best be presented.

In the narrative we have identified any cases where the information reported by the companies differed from the way in which we presented it in the summary tables of the responses. We hope this will enable users to make any adjustments where they believe the data should have been reported in another way.

Future Updating Plans

There is a need to expand the number of companies in this study to make the sample more representative. A data bank system is currently maintained in the Bureau, storing the data for the 34 companies who have responded to this questionnaire.

SURVEY METHODS AND SOURCES

At a future updating of the study, it is planned to secure information from the 34 participants on an exception reporting basis. That is, they will only be asked to report on changes from the 1980 practices at the next update. This should make it possible for the Bureau to devote its resources to obtaining information from the new companies to be added to the sample.

While at present there are no firm plans to update this study, it is considered reasonable that we would do such an update in about two years. In the meantime, we would be pleased to try to respond to any requests for additional information which can be answered from our data bank.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 2

JOB EVALUATION SYSTEMS

Introduction

The purpose of this section of the questionnaire was to obtain information on the types of job evaluation systems used by the survey participants, as well as to determine employee participation and rights under these classification systems. In several cases under the following questions the survey results are presented separately for unionized and non-union employees.

Highlights

- Almost all organizations surveyed reported having a formal job evaluation plan applying to most of their employees in the Management, Professional, Technical and Office categories. Most organizations also indicated that they had a job evaluation plan for employees in the Non-Office category. Smaller percentages of unionized employees had formal job evaluation plans than did non-union employees.
- The most popular job evaluation plans are point rating systems. More than half of the responding organizations in the Management, Professional, Technical and Office categories reported they use such systems. For Non-Office employees, 40% of the organizations reporting also indicated that they use point rating systems. The Most frequently occurring job evaluation plan type for the Non-Office employment category was the ranking system.
- Many respondents reported that the same job evaluation plans were used for more than one of the employment categories identified in the questionnaire.
- Very few responding organizations indicated they had separate job evaluation plans for individual occupations within the employment categories identified in the questionnaire.
- Where organizations have job evaluation plans covering employees represented by a union, in most cases the union participates in the development of, or changes to the job evaluation plan. However, that union participation in several organizations was limited to being informed of the plan details as developed by management. Where there is union participation the most frequently occurring practice is to negotiate many of the plan details with the union.

JOB EVALUATION SYSTEMS

Highlights (Concluded)

- Company practices in disclosing to employees details of their job evaluation plans vary widely. Some organizations provide almost total disclosure of plan details to employees, while others provide no disclosure. No predominant practice is evident from the data collected in this survey.
- Where some employees in a category are unionized and others are not, in most cases there are no differences in disclosure practices between the two employee groups.
- Where employees are dissatisfied with the evaluation of their job, redress procedures are available in most organizations. Where employees are unionized, formal procedures, normally the established grievance procedures, usually apply. For non-union employees, the most frequently occurring practice is to utilize informal procedures for hearing such employee complaints.
- Under the redress procedures the highest level of appeal for unionized employees is, in most cases, "third party arbitration". For non-union employees the highest level within the organization to which an employee may appeal varies widely. In some organizations the employee's immediate supervisor is the final level, while, in other cases, the employee may take his case as high as the Chief Executive Officer. This survey does not reveal any predominant practice in terms of the highest level for such appeals.

JOB EVALUATION SYSTEMS

1. Formal Job Evaluation Plan

Question: Is there a formal job evaluation plan?

Responses:

Number of Organizations Reporting Formal Job Evaluation Plan	Number of Organizations by Employment Category				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
A. for Unionized employees	<u>1</u>	<u>2</u>	<u>5</u>	<u>9</u>	<u>13</u>
% of Total Orgs. With Some Unionized Employees	<u>100%</u>	<u>67%</u>	<u>100%</u>	<u>75%</u>	<u>54%</u>
B. for Non-Union employees	<u>34</u>	<u>33</u>	<u>29</u>	<u>33</u>	<u>13</u>
% of Total Orgs. With Some Non-Union Employees	<u>100%</u>	<u>100%</u>	<u>97%</u>	<u>97%</u>	<u>59%</u>

In the above tabulation we have separated the information for unionized employees from those cases where the organizations reported some non-union employees in those employment categories. More than half of the responding organizations in each of the employment categories indicated that they had some form of job evaluation plan, whether employees were unionized or not. The percentages having plans were lower where the employees were unionized than where employees were not organized.

JOB EVALUATION SYSTEMS

Definitions of Types of Job Evaluation Plans as they Appeared in the Questionnaire

Ranking

Comparison with other whole jobs in an organization.

The jobs in the organization are placed in order (ranked) on the basis of importance to the organization or general difficulty.

Grade Description

Comparison with predetermined level descriptions.

The jobs in the organization or occupational group are compared as whole jobs against a set of definitions of varying levels of difficulty. The jobs are in effect ranked in terms of these levels.

Point Rating

Comparison with a predetermined scale of factor and degree definitions.

The compensable factors are determined and defined and then divided into a number of degrees and each degree defined. Jobs are compared factor by factor against the degree definitions and the closest degree determined. Each degree of each factor has a point score attached to it and the total point score for the job determines its "point-band" or level.

Factor Comparison

Comparison with like factors as described in a range of key jobs.

Jobs are broken down into their component factors, e.g., Skill, Initiative and Judgement, Working Conditions, and these factors are weighted by percentages or dollar amounts. Key jobs (benchmarks) are selected and similarly broken into factors. The other jobs are compared to these on a factor by factor basis and ranked accordingly.

JOB EVALUATION SYSTEMS

2. Type of job evaluation plans.

Question: Respondents were asked to identify the type of job evaluation plan used based on the definitions reproduced on page 26.

Responses:

Plan Types:	Number of Organizations by Employment Category				
	(% of Total Orgs. With Job Evaluation Plan)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Ranking	<u>5(15%)</u>	<u>3(9%)</u>	<u>5(17%)</u>	<u>7(21%)</u>	<u>11(55%)</u>
Grade Description	<u>6(18%)</u>	<u>8(24%)</u>	<u>9(30%)</u>	<u>10(29%)</u>	<u>3(15%)</u>
Point-Rating System	<u>22(65%)</u>	<u>20(61%)</u>	<u>16(53%)</u>	<u>19(56%)</u>	<u>8(40%)</u>
Factor-Comparison	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>-</u>
Cooperative Wage Study (CWS) Plan	<u>-</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>5(25%)</u>
Other	<u>3(9%)</u>	<u>3(9%)</u>	<u>3(10%)</u>	<u>2(6%)</u>	<u>5(25%)</u>
Total Orgs. With a Formal Job Evaluation Plan	<u>34</u> (100%)	<u>33</u> (100%)	<u>30</u> (100%)	<u>34</u> (100%)	<u>20</u> (100%)

Many organizations use plans prepared by management consultants. Actual numbers of organizations using each consultants' plan are not presented because the questionnaire only listed a small number of plans as potential responses. Therefore, results may not be indicative of actual practice. Eighteen organizations (53%) reported using such plans for management positions. For Professional, Technical and Office classes, the figures are, respectively: 12(36%), 8(26%), 5(15%). No organizations reported using management consultants' plans for Non-Office classes included in the survey.

JOB EVALUATION SYSTEMS

3. Application of Formal Evaluation Plans.

Question: Where the evaluation plans overlap two or more of the employment categories shown here, OR where two or more evaluation plans apply to one of the employment categories used here, briefly describe coverage of those plans.

Responses:

<u>Categories With Same Evaluation Plan</u>	<u>Number of Organizations (% of Total Responding in Survey)</u>
MGT/PROF	6 (18%)
MGT/PROF/TECH	7 (21%)
MGT/PROF/TECH/OFFICE	8 (24%)
MGT/PROF/TECH/OFFICE/NON-OFFICE	4 (12%)
PROF/TECH	1 (3%)
PROF/TECH/OFFICE	2 (6%)
TECH/OFFICE	2 (6%)
TECH/OFFICE/NON-OFFICE	2 (6%)
OFFICE/NON-OFFICE	1 (3%)
Total Orgs. Responding in Survey	34 (100%)

The number of organizations with the job evaluation plans overlapping the various employment categories are shown in the above tabulation as a percentage of the 34 organizations that responded in this survey. That value was deemed appropriate because all of the organizations surveyed have a job evaluation plan applying to at least one of the employment categories identified.

Although not all organizations had classification plans that applied to more than one category, several organizations are counted more than once in the above tabulation of the responses because, for example, some had a common classification plan applying to Management and Professional employees and another common evaluation plan applying to Technical and Office employees. It is obvious from the results shown above that there is no predominant practice of using a single classification plan for specified categories of employees.

JOB EVALUATION SYSTEMS

3. Application of Formal Evaluation Plans (Concluded)

The reader should be aware that the categories as defined in this questionnaire influenced the results displayed above. Had different categories been identified, it is possible that the reported practices of using common job evaluation plans for those groupings would be somewhat different from the results of this survey.

4. Different Plans Within Category

Question: List the cases in your company where individual occupations (e.g. engineers, computer systems administrators, clerks, etc.) have separate job evaluation plans from other employees in the same category of employment (as used in this questionnaire).

Responses:

Only two responding organizations listed individual occupations that had separate job evaluation plans from other employees in the same category of employment. One organization listed separate plans for Lawyers, Doctors and Computer Programmers. The second organization had a separate plan for Draftsmen.

JOB EVALUATION SYSTEMS

5. Planned Changes.

Question: Are any changes in the job evaluation plan anticipated in the near future? (Respondents were asked to briefly describe any planned changes.)

Responses:

	Number of Organizations by Employment Category				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations Planning Changes	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
% of Total Orgs. Reporting by Category	<u>3%</u>	<u>3%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>

Few organizations plan any changes in their job evaluation plans in the near future. One organization, not counted in the tabulation above, indicated that it was introducing a new job evaluation plan effective January 1, 1981. In order to report the most current data possible, the Bureau obtained information on that system and information reported on that organization is effective at January 1, 1981.

Only two organizations were anticipating changes in the near future. One of these, reporting in all five categories of employment, indicated that it was seeking a single system to replace the several evaluation plans it currently used. The company noted it was being heavily influenced in its search for such a new system by the current legislation dealing with equal pay for work of equal value.

The second organization, indicating upcoming changes for its employees in the Technical, Office and Non-Office categories, advised that it would be changing to a grade description system by the end of 1981. Its employees in these three categories are currently on a ranking system. The employees it reported in the Management, Professional and part of the Technical category are presently on a grade description system.

JOB EVALUATION SYSTEMS

6. Union Participation in Formal Plan

Question: As a general practice (say over the past 5 years), when a formal job evaluation plan is introduced or changed, indicate the type of union participation.

Responses:

A. All Organizations

	Number of Organizations by Employment Category				
	(% of Total Orgs. With Job Evaluation Plan)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
There is no union	<u>32(94%)</u>	<u>30(91%)</u>	<u>25(83%)</u>	<u>24(71%)</u>	<u>11(55%)</u>
There is no union participation	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>5(15%)</u>	<u>8(40%)</u>
The union is <u>informed</u> of:					
- the plan type	<u>-</u>	<u>1(3%)</u>	<u>3(10%)</u>	<u>3(9%)</u>	<u>4(20%)</u>
- the compensable factors	<u>-</u>	<u>-</u>	<u>2(7%)</u>	<u>2(6%)</u>	<u>2(10%)</u>
- the final job evaluations	<u>-</u>	<u>1(3%)</u>	<u>2(7%)</u>	<u>2(6%)</u>	<u>3(15%)</u>
The union is consulted on:					
- the plan type	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- the compensable factors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- the final job evaluations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>
There are negotiations with the union on:					
- the plan type	<u>1(3%)</u>	<u>1(3%)</u>	<u>2(7%)</u>	<u>4(12%)</u>	<u>5(25%)</u>
- the compensable factors	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>3(9%)</u>	<u>5(25%)</u>
- the final job evaluations	<u>1(3%)</u>	<u>1(3%)</u>	<u>2(7%)</u>	<u>5(15%)</u>	<u>8(40%)</u>
Total Orgs. Reporting Formal Job Evaluation Plan	<u>34</u>	<u>33</u>	<u>30</u>	<u>34</u>	<u>20</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

JOB EVALUATION SYSTEMS

6. Union Participation in Formal Plan (Continued)

B. Organizations With Unionized Employees

	Number of Organizations by Employment Category				
	(% of Total Orgs. With Unionized Employees)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
There is no union participation	<u>-</u>	<u>-</u>	<u>1(20%)</u>	<u>5(42%)</u>	<u>8(33%)</u>
The union is <u>informed</u> of:					
- the plan type	<u>-</u>	<u>1(33%)</u>	<u>3(60%)</u>	<u>3(25%)</u>	<u>4(17%)</u>
- the compensable factors	<u>-</u>	<u>-</u>	<u>2(40%)</u>	<u>2(17%)</u>	<u>2(8%)</u>
- the final job evaluations	<u>-</u>	<u>1(33%)</u>	<u>2(40%)</u>	<u>2(17%)</u>	<u>3(13%)</u>
The union is <u>consulted</u> on:					
- the plan type	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- the compensable factors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- the final job evaluations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(4%)</u>
There are negotiations with the union on:					
- the plan type	<u>1(100%)</u>	<u>1(33%)</u>	<u>2(40%)</u>	<u>4(33%)</u>	<u>5(21%)</u>
- the compensable factors	<u>-</u>	<u>-</u>	<u>1(20%)</u>	<u>3(25%)</u>	<u>5(21%)</u>
- the final job evaluations	<u>1(100%)</u>	<u>1(33%)</u>	<u>2(40%)</u>	<u>5(42%)</u>	<u>8(33%)</u>
Total Orgs. Reporting Unionized Employees	<u>1</u> (100%)	<u>3</u> (100%)	<u>5</u> (100%)	<u>12</u> (100%)	<u>24</u> (100%)

JOB EVALUATION SYSTEMS

6. Union Participation in Formal Plan (Concluded)

Many organizations indicated that more than one of the responses provided on the questionnaire was appropriate to describe their practice.

One company indicated no experience in recent years in introducing a new job evaluation plan for unionized employees. Therefore, no responses are counted for that organization in the above tabulations. That company noted that, in theory, everything was bargainable.

Where there is union representation of employees, in most cases the union participates in some way in the development of the job evaluation plans. However, the degree of participation varies from only being informed of management decisions on the job evaluation plans to actual negotiations on those plans.

JOB EVALUATION SYSTEMS

7. Disclosure of Plan to Employees

Question: Indicate the degree of disclosure to employees of details of formal job evaluation plan. (Respondents were asked to describe any practices not fitting the pre-printed possible responses on the questionnaire and to provide any other descriptive information.)

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting Formal Plan by Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
No disclosure	<u>5(15%)</u>	<u>7(21%)</u>	<u>9(30%)</u>	<u>11(32%)</u>	<u>8(40%)</u>
All plan details (i.e. factors, weights, etc.) disclosed	<u>6(18%)</u>	<u>3(9%)</u>	<u>2(7%)</u>	<u>4(12%)</u>	<u>7(35%)</u>
Disclosure of compensable factors applicable to employee's own job	<u>6(18%)</u>	<u>6(18%)</u>	<u>4(13%)</u>	<u>2(6%)</u>	<u>4(20%)</u>
Disclosure of all details of employee's own job evaluation	<u>6(18%)</u>	<u>6(18%)</u>	<u>7(23%)</u>	<u>7(21%)</u>	<u>5(25%)</u>
Disclosure of job evaluation relativity to pay	<u>11(32%)</u>	<u>10(30%)</u>	<u>8(27%)</u>	<u>8(24%)</u>	<u>4(20%)</u>
Other degree of disclosure	<u>8(24%)</u>	<u>8(24%)</u>	<u>7(23%)</u>	<u>5(15%)</u>	<u>7(35%)</u>
Total Orgs. Reporting Formal Job Evaluation Plan by Category	<u>34</u>	<u>33</u>	<u>30</u>	<u>34</u>	<u>20</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

JOB EVALUATION SYSTEMS

7. Disclosure of Plan to Employees (Concluded)

A wide variety of practices in disclosing information on job evaluation plans was reported by the survey participants. The range of information reported as being disclosed ranged from nothing to everything. No predominant practice can be identified from the results obtained.

Several organizations reported an "other degree of disclosure". One company reported that its Management, Professional, Technical and Office employees were aware of their own job's rating only. A second company stated that its Management, Professional and Technical employees could obtain some information on the evaluation plan on request. A third company reported that its Management and Professional employees had a copy of the basic evaluation plan. It did not feel that this degree of disclosure was represented in the other pre-printed possible responses on the questionnaire. A fourth organization reported that its non-union employees in all five categories could obtain information on the evaluation plan on request only.

A fifth organization, reporting an "other degree of disclosure" for its Management and Professional employees, noted that each employee in those categories is given a copy of a company-prepared booklet which describes the full process used by the company in its evaluation of jobs. It felt that this practice went beyond the second response, "all plan details", provided on the questionnaire.

A sixth company also indicated that its Management, Professional and Technical employees were provided with a booklet prepared by the company giving all of the background to the job evaluation plan used.

A seventh company, responding under the "Other" degree, indicated that its Non-Office employees are given a copy of the collective agreement which lists the jobs and the pay applying to each. In fact, for its Non-Office employees, this company had not reported the existence of a formal job evaluation system. All evaluations were negotiated with the union.

An eighth survey participant indicated that for its employees in all five employment categories, it provided both "disclosure of compensable factors applicable to employee's own job" and "other degree of disclosure". In explanation it indicated that general information was provided on how the plan relates to pay ranges, but no specifics were given to individuals.

A ninth organization stated that its Technical and Office employees were provided with the job grade and the salary range for their position. No other disclosure applied. For its Non-Office employees all details were contained in the applicable collective agreement.

A tenth company responded that its Non-Office employees were provided with information on the ranking of their jobs through their collective agreement.

JOB EVALUATION SYSTEMS

8. Disclosure

Question: Describe any differences in disclosure practices between unionized and non-union employee groups.

Responses:

Only six (18%) of the 34 participating organizations indicated that there was a difference in disclosure practices between unionized and non-union employee groups. In all cases the key difference was that unionized employees had the details provided either as part of the collective agreement or in a special disclosure to union representatives. The non-union employees either did not receive any information or could receive the information on their evaluation plans on request only.

JOB EVALUATION SYSTEMS

9. Redress of Disputed Job Evaluations

Question: Indicate where there is a procedure for employees to appeal to higher authority when they are dissatisfied with the evaluation of their position.

Responses:

Number of Organizations by Employment Category					
(% of Total Orgs. Reporting by Category)					
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
<u>A. For Unionized Employees</u>					
Formal Procedure	<u>1(100%)</u>	<u>2(67%)</u>	<u>5(100%)</u>	<u>11(92%)</u>	<u>17(71%)</u>
Informal Procedure	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(8%)</u>	<u>1(4%)</u>
No Redress Procedure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6(25%)</u>
Total Orgs. Reporting Some Unionized Employees	<u>1</u> (100%)	<u>3</u> (100%)	<u>5</u> (100%)	<u>12</u> (100%)	<u>24</u> (100%)
<u>B. For Non-Union Employees</u>					
Formal Procedure	<u>8(24%)</u>	<u>6(18%)</u>	<u>5(17%)</u>	<u>6(18%)</u>	<u>4(19%)</u>
Informal Procedure	<u>20(59%)</u>	<u>21(64%)</u>	<u>20(67%)</u>	<u>20(59%)</u>	<u>10(48%)</u>
No Redress Procedure	<u>6(18%)</u>	<u>6(18%)</u>	<u>5(17%)</u>	<u>8(24%)</u>	<u>7(33%)</u>
Total Orgs. Reporting Some Non-Union Employees	<u>34</u> (100%)	<u>33</u> (100%)	<u>30</u> (100%)	<u>34</u> (100%)	<u>21</u> (100%)

JOB EVALUATION SYSTEMS

9. Redress of Disputed Job Evaluations (Concluded)

For unionized employees the normal grievance procedure was the usual mechanism through which employees could process disputes about the evaluation of their jobs. However that was not always the case. In some cases, companies reported that the normal grievance procedure would not be used for job evaluation disputes. In some cases they reported that the matter would be negotiated with the union representatives.

For non-union employees it was sometimes difficult for the Bureau to distinguish between a "formal" and "informal" procedure. Where we were able to establish that the process was in writing and all employees were aware of it, we categorized this as "formal". Often the informal procedure reported was stated by the participating companies to be a general complaint procedure that was established to handle a variety of complaints, not just those related to job evaluation.

JOB EVALUATION SYSTEMS

10. Redress Procedure

Question: Where a procedure applies, indicate the highest level of authority to which the employee can appeal.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With Redress Procedures by Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Highest Level for Appeal:					
Supervisor	<u>5(18%)</u>	<u>5(18%)</u>	<u>5(19%)</u>	<u>6(21%)</u>	<u>-</u>
Supervisor's Superior	<u>6(21%)</u>	<u>6(21%)</u>	<u>6(23%)</u>	<u>5(17%)</u>	<u>3(12%)</u>
Personnel or Industrial Relations Department	<u>5(18%)</u>	<u>5(18%)</u>	<u>5(19%)</u>	<u>6(21%)</u>	<u>6(23%)</u>
Vice-President Level	<u>7(25%)</u>	<u>7(25%)</u>	<u>5(19%)</u>	<u>4(14%)</u>	<u>3(12%)</u>
Chief Executive Officer	<u>5(18%)</u>	<u>4(14%)</u>	<u>4(15%)</u>	<u>4(14%)</u>	<u>3(12%)</u>
Union-Management Committee	<u>-</u>	<u>-</u>	<u>1(4%)</u>	<u>2(7%)</u>	<u>4(15%)</u>
Third Party Arbitration	<u>1(4%)</u>	<u>2(7%)</u>	<u>5(19%)</u>	<u>8(28%)</u>	<u>16(62%)</u>
Other	<u>2(7%)</u>	<u>1(4%)</u>	<u>1(4%)</u>	<u>2(7%)</u>	<u>1(4%)</u>
Total Orgs. Reporting Redress Procedures by Category*	<u>28</u>	<u>28</u>	<u>26</u>	<u>29</u>	<u>26</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

* Includes both formal and informal procedures for unionized and non-union employees.

JOB EVALUATION SYSTEMS

10. Redress Procedure (Continued)

A wide variety of practices applied in the participating companies as to how far an employee could take his complaint about the evaluation of his job. For unionized employees "third party arbitration" was normally the highest level for appeal. For non-union employees the highest appeal level varied widely from the employee's supervisor all the way to the company's Chief Executive Officer. One of the companies, reporting an "Other" final level for its Management, Professional, Technical and Office employees, indicated that a Job Evaluation Committee existed within that organization to resolve such disputes. Employee complaints would go this route if supported by the employee's manager. Normally, other complaints within that company could go to the Vice-President level.

The other company indicating an "Other" final level, noted that it had in place a formal complaint procedure through which any employee complaints could be processed through a Coordinator at Head Office. Subsequently, an attempt would be made to resolve the employee's complaint with the Senior Manager and the appropriate area responsibility. This company reported only for employees in the Management, Office and Non-Office categories.

JOB EVALUATION SYSTEMS

11. Redress Procedure (Concluded)

Question: Describe any differences in redress procedures between unionized and non-union employees.

Responses:

Of the 24 companies reporting some unionized employees, 16 (67%) reported some differences in redress procedures between unionized and non-union employees. Eleven (69%) of those 16 organizations indicated that the key difference was that unionized employees could use their grievance procedure and take the matter to third party arbitration. However, one of those 11 companies indicated that among its union employees there were differences in the procedures. Unionized employees at one of its locations could only take the complaint to a union-management committee, while those in another location could go to third party arbitration.

Different practices were noted in five other organizations. In one case, for unionized employees, classifications were negotiated and the final level of appeal for the dissatisfied employee was a union-management committee.

Another organization reported that the same procedure applied to both its unionized and non-union employees - both could go to third party arbitration. However, it did note that unionized employees had access to different resource personnel to present their case. In the case of non-union employees, the company noted that they were normally represented at arbitration by officers of its personnel department.

Another organization indicated that, while there was a union-management committee as the final level of appeal for unionized employees, no redress procedure applied for its non-union employees.

Another organization reported that all such evaluation disputes were settled at negotiations for the unionized employees and no individual grievances on classification were entertained.

Another organization reported that no redress procedure applied to its unionized employees. All rates and levels were negotiated with the union.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 3

WAGE AND SALARY STRUCTURES - TYPES

Introduction

The purpose of this section of the questionnaire was to identify the range types by employment category. The relevant definitions for the range types are shown on page 44 exactly as they appeared in the questionnaire. Once the types had been identified, separate sections of the questionnaire were provided to obtain information specific to each of four range types -- the first four in the tabulation showing responses to question 1. A few questions were also asked about Single Rates Systems, as reported in Section 4 of this report.

Highlights

- Excluding practices for Non-Office employees, the most popular salary range type appears to be the Minimum - Normal Maximum - Merit Maximum range. In these ranges only the above-average performer can go beyond the established Normal Maximum rate. In each of the Management, Professional, Technical and Office employment categories, more than 60% of the organizations reporting employees stated that they had at least some of their employees on this type of range structure.
- For Non-Office employees the most frequent practice was to pay Single Rates of pay. 58% of the responding organizations stated that this was their practice for some or all of their Non-Office employees.
- For Office and Non-Office employees the second most popular type was the Minimum - Normal Maximum salary range. On such ranges all employees can attain the Maximum rate of the range with sufficient service and continuing fully satisfactory performance. 44% of the responding organizations advised that they had some or all of their Office employees on this structure. 39% of the companies reporting Non-Office employees had some or all of these employees on this range type.
- In most cases, salary range types do not differ between unionized and non-union employees within the same employment category.

WAGE AND SALARY STRUCTURES - TYPES

Definitions Relating to Salary Ranges as they Appeared in the Survey Questionnaire

- Minimum: The normal starting rate for employees whose experience and qualifications meet the minimum requirements of the position.
- Normal Maximum: The rate attainable by employees in the range based on length of service and continuing fully satisfactory performance. This may be the maximum of the range where automatic progression over time is the system in force. Where a merit progression system applies this may be the range beyond which only the superior or outstanding employees can progress.
- Merit Maximum: The highest rate available in a merit progression range system for continuing outstanding performance in the position.

Salary Range Types as used in this Questionnaire:

A. Minimum - Normal Maximum

Ranges in which the maximum rate is attainable by all employees with sufficient service and continuing fully satisfactory performance.

B. Minimum - Normal Maximum - Merit Maximum

Ranges with a defined intermediate rate between the minimum and maximum, the Normal Maximum, beyond which the satisfactory performer generally may not proceed. The maximum rate is usually attainable only by superior or outstanding performers.

C. Minimum - Merit Maximum

Ranges without a defined Normal Maximum rate, but in which the maximum rate is only attainable by superior or outstanding performers.

D. Basic Range + Performance Bonus System

One of the above types of ranges, or a Single Rates System, in addition to which employees may receive a separate bonus for superior or outstanding INDIVIDUAL performance. EXCLUDE PROFIT SHARING PLANS, STOCK PURCHASE PLANS, SAVINGS PLANS, ETC., unless benefits from such plans are distributed on the basis of individual employee performance.

WAGE AND SALARY STRUCTURES - TYPES

1. Types of Salary Ranges

Question: Respondents were asked to identify the types of salary ranges, (according to the definitions reproduced on page 44) that applied by employee category. Where more than one type applied, they were asked to also indicate which one covered the largest number of employees in that category.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting by Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
A. Minimum - Normal Maximum Type	<u>2(6%)</u>	<u>3(9%)</u>	<u>6(19%)</u>	<u>15(44%)</u>	<u>12(39%)</u>
B. Minimum - Normal Maximum - Merit Maximum Type	<u>22(65%)</u>	<u>21(64%)</u>	<u>20(65%)</u>	<u>22(65%)</u>	<u>4(13%)</u>
C. Minimum - Merit Maximum Type	<u>5(15%)</u>	<u>5(15%)</u>	<u>5(16%)</u>	<u>3(9%)</u>	<u>-</u>
D. Basic Range + Performance Bonus System	<u>7(21%)</u>	<u>6(18%)</u>	<u>3(10%)</u>	<u>1(3%)</u>	<u>-</u>
E. Other <u>formal</u> type of salary ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
F. No salary ranges - single rates	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>18(58%)</u>
G. No <u>formal</u> salary ranges used - rates set on individual basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
H. Other system	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting by Category	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

WAGE AND SALARY STRUCTURES - TYPES

1. Types of Salary Ranges (Concluded)

Several organizations reported more than one pay structure type applying to employees in the same occupational category. Where an organization indicated it had a Performance Bonus System in addition to one of the first three basic range types, that organization was counted only under response D "Basic Range + Performance Bonus System". These companies completed the relevant section of the questionnaire describing the basic range type in addition to a separate section which provided information on the Performance Bonus System itself.

The one organization reporting the response "Other system" for its Management, Professional and Technical employees advised that some of its employees in these three employment categories are paid under a maturity curve pay structure.

WAGE AND SALARY STRUCTURES - TYPES

2. Types of Ranges

Question: Do types of salary ranges differ between unionized and non-union employees? Please describe any differences.

Responses:

As mentioned in Section 1, only 32 organizations were able to report on their full workforce. Of those, 24 reported on employees covered by collective agreements.

While 16 (67%) of the 24 organizations indicated there was some difference in pay practices between union and non-union employees, in most of these cases the reported differences could be attributed to differences in practices between employment categories rather than exclusively to differences between union and non-union employees. For example, in several organizations practically all the Non-Office employees were covered by Single Rates Systems and were also unionized. The non-union employees in the other categories reported by those organizations were on various types of salary ranges.

The following tabulation shows the number of cases in which different pay systems applied to unionized and non-union employees in the same employment category.

WAGE AND SALARY STRUCTURES - TYPES

2. Types of Ranges (Concluded)

Organizations Reporting Different Pay
Systems for Unionized Employees and
Non-Union Employees in the Same
Employment Category

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Number of Organizations Reporting Different Pay Systems	-	1	1	5	1
% of Total Orgs. Reporting Some Unionized Employees in Category	-	33%	20%	42%	4%

In total only 6 (25%) of the 24 organizations reporting on their unionized employees had a different pay system applying to unionized and non-union employees in the same employment category.

One organization reporting a different practice under the Office category indicated that the unionized employees had Minimum - Normal Maximum type ranges, while the non-union Office employees had basic ranges (of the Minimum - Normal Maximum - Merit Maximum type) with a Performance Bonus System in addition to the basic ranges.

Another organization indicated that its unionized Office employees had Minimum - Normal Maximum - Merit Maximum type ranges, while its non-union employees had ranges of the Minimum - Merit Maximum type.

Two organizations, reporting on their Office employees, advised that their unionized Office workers were covered by ranges of the Minimum - Normal Maximum type while their non-union employees were on Minimum - Normal Maximum - Merit Maximum ranges.

The fifth company reported that unionized employees in its Professional, Technical and Office classes were on ranges of the Minimum - Normal Maximum type. Its non-union Professional, Technical and Office employees were on Minimum - Normal Maximum - Merit Maximum salary ranges.

The sixth firm, showing a difference in the Non-Office category only, stated that, while its unionized employees had single rates of pay, its non-union staff were on Minimum - Normal Maximum type ranges.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 4

SINGLE RATES SYSTEMS

Introduction

With respect to pay systems, the emphasis in the survey questionnaire was to obtain greater detail about salary ranges and how they are administered. Therefore, very few questions were asked about companies' practices under Single Rates Systems. Aside from the standard question asked about all employee compensation systems, dealing with the amount of information disclosed to employees, the questionnaire only requested information on the average differentials between rates for different classification levels and how employees were paid for supervisory responsibilities under these systems of single rates of pay.

Highlights

- Fifty-three percent of the responding organizations stated that some of their employees were paid under Single Rates Systems. With one exception, all of the companies reporting indicated that this type of pay system applied only to their Non-Office employees. One respondent indicated that some of its Office employees were also under this type of pay plan.
- Only half of the responding organizations were able to provide information on the size of differentials between classification levels for employees on single rates systems. In the six companies reporting a percentage differential, the average spread between levels was 3.8% for Non-Office employees.
- Provision to pay a separate supervisory differential to supervisors under single rates systems applied to less than one-third of the organizations with single rates systems. 28% of the organizations had no supervisory employees under the single rates systems and 44% of the companies with such systems indicated that the compensation for supervisory responsibilities was "built into the job evaluation".
- Only three organizations were able to report the average size for their separate supervisory differentials. The average of the three values reported was 10.7%.

SINGLE RATES SYSTEMS

1. Disclosure to Employees

Question: Indicate the items of information about the salary plan that are disclosed to employees.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting Single Rates Systems)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
All rates in all pay schedules	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(11%)</u>
All rates in the employee's pay schedule	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(100%)</u>	<u>16(89%)</u>
Frequency of pay schedule adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(100%)</u>	<u>15(83%)</u>
Practices followed in determining pay rates on promotion and transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(100%)</u>	<u>13(72%)</u>
No disclosure other than employee's personal rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting Single Rates Systems	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>18</u>
				(100%)	(100%)

Most of the survey respondents indicated that more than one of the responses reflected their practice.

In editing the data, the Bureau adopted a very strict interpretation of the first response "all rates in all pay schedules". Only those companies which made information available to employees on all pay schedules throughout their company are reported beside that response above. Thus the two organizations reported beside this response have practices of very extensive release of information to their employees about company salary ranges and rates. In one case, the company reported that the personnel administration manual is available to any of its employees. The other company indicated that, because all job vacancies were posted, any employee can quickly determine the ranges or rates for all jobs.

SINGLE RATES SYSTEMS

1. Disclosure to Employees (Concluded)

Organizations reporting that employees were aware of all rates in pay schedules applying to employees in the same employment category are shown under the response "all rates in the employee's pay schedule". Generally, the employees "knowledge" was due to the rates being established by collective agreements. Most companies stated that the employees covered by single rates systems were also under collective agreements.

Eleven additional organizations originally responded that employees were aware of "all rates in all pay schedules". These eleven were deleted by the Bureau from that response during the editing process. In these cases the Bureau understood that employees were aware of rates paid for jobs in the occupational category in which they were employed, but not of pay scales in other categories. Users of this report may decide that it is more appropriate to add these organizations, eleven in the Non-Office category and one in the Office category, to the numbers of organizations shown beside the first response in the tabulation above.

SINGLE RATES SYSTEMS

2. Disclosure to Employees

Question: Do disclosure practices vary between unionized and non-union employees? Please describe any differences.

Responses:

Four (22%) of the 18 organizations reported that there were some differences in the disclosure practices between unionized and non-union employees. In three of those organizations the difference was that union employees had access to all rates under their collective agreement, whereas non-union employees received more limited information. The fourth company reported that there were differences in information received depending on how closely the non-union employees were tied to the rates paid under the collective agreements covering unionized employees in that employment category.

Of the remaining organizations, four (22%) organizations reported that all employees under the single rates systems were unionized. The others indicated there were no differences in the amount of information disclosed.

SINGLE RATES SYSTEMS

3. Differentials

Question: State the average amount of pay differentials between rates for different classification levels. (Respondents were asked to express the pay differential as a percentage)

Responses:

Only 9 (50%) of the 18 organizations with single rates systems were able to report the average size of pay differentials between levels.

A. Number of Organizations Able to Report Differentials

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations Able to Report Average Differentials	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>8</u>
% of Total Orgs. Reporting Single Rates Systems	<u>-</u>	<u>-</u>	<u>-</u>	<u>100%</u>	<u>44%</u>

B. Differentials Paid

Number of Organizations*

	<u>OFFICE</u>	<u>NON-OFFICE</u>
up to 2.0%	1	2
2.1% - 4.0%	-	1
4.1% - 6.0%	-	2
6.1% - 8.0%	-	1
¢ per hour only reported	-	2
Total	<u>1</u>	<u>8*</u>

* Limited to the organizations able to report the size of differentials.

SINGLE RATES SYSTEMS

3. Differentials (Concluded)

Many organizations experienced difficulty in providing information on the size of the pay differentials between rates for classification levels. Several reported that the large number of rates made the task of calculating an average differential practically impossible. Many noted that there were significant variations in differentials between jobs under the single rates systems. They indicated that there was no pattern to the differentials applying to employees on single rates throughout their companies.

The simple average of the differentials between levels, in the six organizations able to report percentage differentials for Non-Office employees, is 3.8%. In accordance with normal Bureau confidentiality restrictions, no value can be released for the Office category because only one organization reported employees on single rates under that category.

One organization, which is included in the B tabulation above, beside the response "¢ per hour only reported", stated that the cents per hour value only applied to some of the jobs subject to the single rates system. Two additional organizations, that were not able to report the size of the differentials, did indicate that their differentials were expressed in cents per hour.

SINGLE RATES SYSTEMS

4. Payment for Supervisory Responsibilities

Question: Indicate how employees are compensated for supervisory responsibilities.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting Single Rates Systems)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Built into job evaluation	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(100%)</u>	<u>8(44%)</u>
Separate supervisory pay differential paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5(28%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
No supervisory employees under single rates system	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5(28%)</u>
Total Orgs. Reporting Single Rates Systems	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>18</u>
				(100%)	(100%)

Only 13 organizations were able to provide responses under this question. The other five companies indicated that the single rates systems in their organization did not cover supervisory employees.

One of those five organizations did report a practice of establishing rates for Junior Foremen and Senior Foremen that may be of interest. These two classes are paid on ranges, but the mid points of the ranges are set 20% and 30% for Junior and Senior Foremen respectively, above the highest employee rate at the worksite. The company specified that the percentage differentials are established over the highest rate at the worksite, whether or not an employee was working at that rate. These foremen are on salary ranges in which the minimum is 15% less than the mid point and the maximum 15% above the mid point.

SINGLE RATES SYSTEMS

5. Payment for Supervisory Responsibilities

Question: Where a separate supervisory pay differential applies, state the average amount of that differential over the highest paid employee supervised. (Respondents were asked to express the differential as a percentage over the rates for the highest paid employee supervised)

Responses:

Of the five organizations that reported a separate supervisory differential being paid, only three were able to provide single percentage figures on the size of those differentials. In those organizations, the simple average of the three supervisory differentials was 10.7%.

One other organization provided some information on the size of its supervisory differentials for Non-Office employees. It indicated that the differentials varied from 7% to 15% depending on the bargaining unit that the supervisory employees fell into and the levels of employees supervised.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 5

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

Introduction

Seventeen organizations, representing 50% of the 34 participating companies, reported some employees on this type of salary range.

These ranges were defined as ones in which the maximum rate is attainable by all employees with sufficient service and continuing fully satisfactory performance.

Highlights

- Fifty percent of the participating organizations reported that some of their employees were on salary ranges of this type. These ranges were found more frequently in the Office and Non-Office employment categories than in the other three categories identified in the questionnaire.
- In most cases, the salary ranges overlapped one another. That is, the Maximum rate of a range was generally higher than the Minimum rate of the next higher salary range. The range spread, that is the difference between the Minimum and Maximum rates of the ranges, averaged from 23% to 39% in the five employment categories used in the questionnaire.
- The range differentials, that is the difference between the Maximum rate of each range and the Maximum of the next lower range, averaged from 6% to 14% in the five categories used in the questionnaire.
- This survey found no predominant practice in the internal-external comparisons used by companies for their rate setting. A wide variety of comparisons were reported by the organizations having this range type.
- In the Office and Non-Office categories, progression through these ranges was most frequently based on fixed step rates which were granted one-step-at-a-time for satisfactory performance. For employees in the Management, Professional and Technical categories, the most frequent practice was for employees to receive variable increases within the ranges based on individual performance.
- Not all organizations were able to report values for the size of increases within the salary ranges. Where increases were based on fixed steps or standard increases, the average of the increases reported for satisfactory performance was in the area of 3%. Where progression through the range was on the basis of variable increases based on individual performance, the average of the values reported

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

Highlights (Concluded)

for a satisfactory performance level ranged from 8% to 9%. The Bureau stresses that, because of the difficulty respondents stated in reporting such average or typical values, these results should not be used as precise measures of actual values.

- Where employees progress through the salary ranges on the basis of variable increases, dependent on individual performance, most organizations reported that they considered both the employee's assessed level of performance and his or her position in the salary range in determining the size of the in-range increases.
- Where these ranges applied to Technical, Office and Non-Office employees, the majority of responding organizations indicated that the range adjustments and in-range increases were separately identified to the employees. For organizations reporting these ranges applying to their Management and Professional employees, the majority of companies indicated that employees received a "blended" increase, which included both the range adjustment and the in-range increase.
- No consistent practices were identified in the survey on the timing of in-range increases and range adjustments. A wide variety of practices was reported by the responding organizations.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

1. Disclosure to Employees

Question: Indicate the items of information about the salary ranges that are disclosed to employees.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
All ranges in all salary schedules	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>-</u>
All ranges in the employee's salary schedule	<u>2(50%)</u>	<u>3(60%)</u>	<u>5(71%)</u>	<u>11(79%)</u>	<u>9(75%)</u>
The range applicable to the individual employee	<u>3(75%)</u>	<u>4(80%)</u>	<u>6(86%)</u>	<u>12(86%)</u>	<u>12(100%)</u>
Frequency of salary schedule adjustments	<u>2(50%)</u>	<u>3(60%)</u>	<u>5(71%)</u>	<u>11(79%)</u>	<u>10(83%)</u>
Frequency of in-range increases	<u>2(50%)</u>	<u>3(60%)</u>	<u>5(71%)</u>	<u>11(79%)</u>	<u>10(83%)</u>
Amount of in-range increases	<u>2(50%)</u>	<u>3(60%)</u>	<u>5(71%)</u>	<u>11(79%)</u>	<u>10(83%)</u>
Practices followed in determining salary rates on promotion and transfer	<u>2(50%)</u>	<u>3(60%)</u>	<u>4(57%)</u>	<u>7(50%)</u>	<u>6(50%)</u>
No disclosure other than employee's personal rate	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>2(18%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Two organizations reported different practices applying to different groups in the Non-Office employee category. Both organizations advised that their Non-Office non-union employees were only advised of their individual salary ranges, while their unionized Non-Office employees received a wider disclosure. The above tabulation includes the items disclosed to both groups.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

1. Disclosure to Employees (Concluded)

One organization, reporting for its Non-Office employees, indicated that on hiring, an employee was advised of the range applying to the particular job. However, with the exception of cost-of-living adjustments, no further range data was disclosed to the employee. This organization also reported that each time a job vacancy was posted the applicable salary range was included in the information provided. The organization was tallied under the response "the range applicable to the individual employee".

Another organization, reporting for its Office and Non-Office employees, indicated that each employee was entitled to know his individual range plus one range above. This organization was counted under the "all ranges in the employee's salary schedule" response.

The employer shown beside the response "All ranges in all salary schedules", for Technical and Office employees, has a very extensive policy of disclosing information to its employees.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

2. Disclosure Practices

Question: Do disclosure practices vary between unionized and non-union employees? Please describe any differences.

Responses:

Only three organizations reported different disclosure practices.

Two organizations, responding for their Non-Office employees, indicated that Non-Office non-union employees were only advised of their personal rate. To their Non-Office unionized employees, these organizations both reported disclosure of all ranges in the employee's salary schedule, the individual employee's range, frequency of salary schedule adjustments, frequency of in-range and amount of in-range increases. One of the two organizations also disclosed promotion and transfer salary practices to its unionized employees.

The third organization, reporting for its Office employees, indicated that non-union Office employees were advised of their individual range, the frequency of salary schedule adjustments, the frequency and amount of in-range increases. Its unionized Office employees were advised of these items and other ranges in the employee's salary schedule as well as practices followed on promotion and transfer.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

3. Range Overlap

Question: Is the Minimum rate of a range generally higher than, equal to or lower than, the Maximum rate of the next lower range?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Higher than	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(8%)</u>
Equal to	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>2(14%)</u>	<u>-</u>
Lower than	<u>4(100%)</u>	<u>5(100%)</u>	<u>6(86%)</u>	<u>11(79%)</u>	<u>9(75%)</u>
Unable to report	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>2(16%)</u>
Total Orgs. Reporting	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
This Range Type	(100%)	(100%)	(100%)	(100%)	(100%)

The organization reporting for its Non-Office employees that the Minimum rate of a range was generally higher than the Maximum rate of the next lower range, also indicated that the range spread in question 4 was 1% and the range differential in question 5 was 1%.

One of the two organizations unable to report in the Non-Office category indicated that there was a series of step rates for each job title, but a hierarchy of job titles had not been established.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

4. Range Spread

Question: Indicate the % spread between the Minimum and Maximum rates (Maximum rate over Minimum rate) of each individual salary range.

Responses:

Simple Average of Reported Values

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Average %	<u>39%</u>	<u>33%</u>	<u>28%</u>	<u>23%</u>	<u>26%</u>
Highest %	<u>40%</u>	<u>35%</u>	<u>42%</u>	<u>25%</u>	<u>28%</u>
Lowest %	<u>35%</u>	<u>29%</u>	<u>22%</u>	<u>19%</u>	<u>22%</u>

5. Range Differentials

Question: Indicate the % spread between the range maxima (Maximum rate of each range over maximum rate of next lower range).

Responses:

Simple Average of Reported Values

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Average %	<u>14%</u>	<u>12%</u>	<u>9%</u>	<u>9%</u>	<u>6%</u>
Highest %	<u>15%</u>	<u>13%</u>	<u>10%</u>	<u>10%</u>	<u>6%</u>
Lowest %	<u>14%</u>	<u>12%</u>	<u>7%</u>	<u>8%</u>	<u>6%</u>

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

6. External Comparisons

Using the following table as a reference, indicate the relationship your company primarily uses in comparing its salaries to external market rates.

Company Rates		External Rates	
A	B	C	
<u>Company</u>	<u>Measure of Market</u>	<u>Market</u>	
<u>Reference Point</u>	<u>Rates Used</u>	<u>Reference Point</u>	
1. Minimum Rates of Ranges	1. First Quartile	1. Minimum Rates of Outside Ranges	
2. Median of Rates Actually Paid	2. Median	2. Rates Actually Paid	
3. Mean of Rates Actually Paid	3. Mean	3. Maximum Rates of Outside Ranges	
4. Maximum Rates of Ranges	4. Third Quartile	4. Other (specify)	
5. Other (specify)	5. Other (specify)		

Responses:

A wide variety of responses were received to this question. To reflect the reported practices, we have reported the results in two ways.

Tabulations A, B and C which follow, show the results on the basis of the frequency with which the survey organizations reported they used particular internal and external reference points. However, we also felt it was important to identify the full pattern of internal-external comparison for users of this report. Therefore, the D tabulation shows responding companies according to the full process of how they make their comparisons. The length of the latter table indicates the variety of practices used.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

6. External Comparisons (Continued)

A. Company Reference Point

	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. Minimum Rates of Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>1(8%)</u>
2. Median of Rates Actually Paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3. Mean of Rates Actually Paid	<u>1(25%)</u>	<u>2(40%)</u>	<u>3(43%)</u>	<u>5(36%)</u>	<u>2(17%)</u>
4. Maximum Rates of Ranges	<u>1(25%)</u>	<u>1(20%)</u>	<u>2(29%)</u>	<u>5(36%)</u>	<u>6(50%)</u>
5. Other	<u>2(50%)</u>	<u>2(40%)</u>	<u>2(29%)</u>	<u>2(14%)</u>	<u>2(17%)</u>
Total Orgs. Reporting This Range Type	<u>4</u> (100%)	<u>5</u> (100%)	<u>7</u> (100%)	<u>14</u> (100%)	<u>12</u> (100%)

B. Measure of Market Rates Used

	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. First Quartile	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2. Median	<u>2(50%)</u>	<u>2(40%)</u>	<u>2(29%)</u>	<u>3(21%)</u>	<u>1(8%)</u>
3. Mean	<u>1(25%)</u>	<u>2(40%)</u>	<u>5(71%)</u>	<u>9(64%)</u>	<u>9(75%)</u>
4. Third Quartile	<u>2(50%)</u>	<u>2(40%)</u>	<u>1(14%)</u>	<u>2(14%)</u>	<u>-</u>
5. Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>4</u> (100%)	<u>5</u> (100%)	<u>7</u> (100%)	<u>14</u> (100%)	<u>12</u> (100%)

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

6. External Comparisons (Continued)

C. Market Reference Point

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. Minimum Rates of Outside Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>1(8%)</u>
2. Rates Actually Paid	<u>3(75%)</u>	<u>4(80%)</u>	<u>7(100%)</u>	<u>10(71%)</u>	<u>7(58%)</u>
3. Maximum Rates of Outside Ranges	<u>2(50%)</u>	<u>2(40%)</u>	<u>2(29%)</u>	<u>4(29%)</u>	<u>5(42%)</u>
4. Other	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
Total Orgs. Reporting This Range Type	<u>4</u> (100%)	<u>5</u> (100%)	<u>7</u> (100%)	<u>14</u> (100%)	<u>12</u> (100%)

D. Full Comparison Process Used

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. The Company compares the minimum rates of ranges paid to its own employees to the mean of minimum rates of ranges in the market.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>1(8%)</u>
2. The Company compares the minimum rates of ranges paid to its own employees to the mean of maximum rates of ranges in the market.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>1(8%)</u>

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

6. External Comparisons (Continued)

D. Full Comparison Process Used (Continued)

Number of Organizations by Employment
Category
(% of Total Orgs. With This Range Type)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
3. The Company compares the mean of rates actually paid to its own employees with the median of rates actually paid in the market.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>-</u>
4. The Company compares the mean of rates actually paid to its own employees with the mean of rates actually paid in the market.	<u>-</u>	<u>1(20%)</u>	<u>2(29%)</u>	<u>3(21%)</u>	<u>2(17%)</u>
5. The Company compares the mean of rates actually paid to its own employees with the third quartile of rates actually paid in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>2(14%)</u>	<u>-</u>
6. The Company compares the maximum rates of ranges paid to its own employees with the median of rates actually paid in the market.	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
7. The Company compares the maximum rates of ranges paid to its own employees with the median of the maximum rates of ranges paid in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
8. The Company compares the maximum rates of ranges paid to its own employees with the mean of minimum rates of ranges in the market.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>1(8%)</u>

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

6. External Comparisons (Continued)

D. Full Comparison Process Used (Continued)

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
9. The Company compares the maximum rates of ranges paid to its own employees with the mean of rates actually paid in the market.	<u>-</u>	<u>-</u>	<u>2(29%)</u>	<u>3(21%)</u>	<u>3(25%)</u>
10. The Company compares the maximum rates of ranges paid to its own employees with the mean of the maximum rates of ranges in the market.	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>3(21%)</u>	<u>4(33%)</u>
11. The Company compares the maximum rates of ranges paid to its own employees with the third quartile of maximum rates of ranges in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
12. The Company compares the mid points of ranges paid to its own employees with the median of rates actually paid in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
13. The Company compares the mid points of ranges paid to its own employees with the mean of rates actually paid in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
14. The Company compares the mid points of ranges paid to its own employees with the mean of the maximum rates of ranges in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

6. External Comparisons (Concluded)

D. Full Comparison Process Used (Concluded)

		Number of Organizations by Employment Category				
		(% of Total Orgs. With This Range Type)				
		<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
15.	The Company compares the mid points of ranges paid to its own employees with the mean of mid points of ranges in the market.	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
16.	No response	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(14%)</u>	<u>3(25%)</u>
	Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
		(100%)	(100%)	(100%)	(100%)	(100%)

Several organizations listed in the above tabulations were unable to indicate the primary relationship the company used in comparing its salaries to external market rates. Instead, they reported more than one comparison being made. All responses are reported.

Several organizations indicated that, although comparisons were made with external rates, the most important comparison was internally with either unionized settlements or other internal rates in their company.

All of the organizations shown as giving "no response" in tabulation D above stated that their rates were negotiated with unions.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

7. Progression Through Ranges

Question: Respondents were asked to indicate how employees progress through their salary ranges.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Fixed step rates granted <u>one-step-at-a-time</u> for satisfactory performance	<u>-</u>	<u>1(20%)</u>	<u>3(43%)</u>	<u>8(57%)</u>	<u>9(75%)</u>
Fixed step rates granted <u>one or more</u> at a time depending on individual performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(14%)</u>	<u>1(8%)</u>
Standard \$ or % increases granted for satisfactory performance (no fixed step rates)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(7%)</u>	<u>-</u>
Variable increases based on individual performance	<u>3(75%)</u>	<u>3(60%)</u>	<u>4(57%)</u>	<u>3(21%)</u>	<u>3(25%)</u>
Other	<u>1(25%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>4</u> (100%)	<u>5</u> (100%)	<u>7</u> (100%)	<u>14</u> (100%)	<u>12</u> (100%)

One organization, reporting an "Other" practice for its Management and Professional employees, indicated that these employees were on a 3 or 4 year progression plan with a common date of increase. Employees under this plan were paid based on their time in the level as of the increase date. This company is not reported under questions 8 or 9 which follow.

One organization is counted twice for its Non-Office employees. This organization indicated that its unionized Non-Office employees progress on a fixed step rate, granted one-step-at-a-time for satisfactory performance. Its non-union Non-Office employees receive variable increases based on individual performance. Consequently, this organization is reported under both questions 8 and 9, which follow.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

7. Progression Through Ranges (Concluded)

One company reported that its Office employees were paid on ranges with fixed steps which could be granted one or more at a time depending on individual performance. Because of the flexibility it reported in administering these range increases, the Bureau decided to report this organization's practices under question 9, which reports on ranges with "variable progression through the ranges", rather than question 8 (reporting on ranges with fixed steps or standard increases). It was felt that more useful information on percentage increases for levels of individual performance could be reported in this way.

The other organization that gave the same response (steps granted one or more at a time) under question 7 for its Office and Non-Office employees, specified that normal practice was to grant one-step-at-a-time for almost all employees. This company's practices are reported under question 8 which follows.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

8. Fixed Steps or Standard Increases

A. Frequency of In-Range Increases

Question: Where automatic progression through fixed step rates or standard increases applies, indicate the frequency in-range increases are generally granted.

Responses:

Number of Months Between Increases:	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- 6 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>6(43%)</u>	<u>3(25%)</u>
- 12 months	<u>-</u>	<u>1(20%)</u>	<u>3(43%)</u>	<u>4(29%)</u>	<u>2(17%)</u>
- Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5(42%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Of the five organizations listed under "Other" for the Non-Office employee category, one organization indicated that its in-range increases are generally granted one per month for three increases. Two organizations indicated that the frequency varied from between 3 to 6 months. The fourth organization indicated that the rate of progression goes from 3 months at the beginning to 6 months and then to 12 months for their Non-Office jobs. The fifth company had varying progression practices for different classes of its Non-Office employees.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

8. Fixed Steps or Standard Increases (Continued)

B. Basis for Increase Calculations

Question: Indicate how the value of the step rate or standard increase is determined.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
% of maximum rate of range	<u>-</u>	<u>1(20%)</u>	<u>3(43%)</u>	<u>4(29%)</u>	<u>1(8%)</u>
% of minimum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of employee's current (former) rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(14%)</u>	<u>2(17%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>4(29%)</u>	<u>4(33%)</u>
No response	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(25%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Three of the four organizations indicating "Other" for their Office employees set the value of their step rates by dividing their ranges into a number of equal segments.

Of the four organizations indicating "Other" for their Non-Office employees, three organizations indicated that the ranges were divided in a number of equal segments. The fourth indicated that it had no consistency in its range design, and that in the past, ranges were set up on an individual basis. This company also indicated that action was now underway to review the overall pattern of these wage structures.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

8. Fixed Steps or Standard Increases (Concluded)

C. Size of Increases

Question: Indicate the most typical value of each standard increase or increase between step rates for satisfactory performance.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
less than 3%	<u>-</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>2(14%)</u>	<u>2(17%)</u>
3% - 5%	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>6(43%)</u>	<u>1(8%)</u>
over 5%	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>-</u>	<u>1(8%)</u>
No response	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(14%)</u>	<u>6(50%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Users of this table are cautioned that many of the responding organizations indicated that they found it difficult to determine a typical value for such increases. Consequently, the results should not be considered as precise measures of actual values.

No average values can be reported for the Professional employment category because less than three organizations were able to report. The simple average values for the companies able to report are:

<u>Employment Category</u>	<u>Simple Average of Increases Reported</u>
Technical	3.2%
Office	3.0%
Non-Office	3.7%

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

9. Variable Progression Through Range

A. Frequency of In-Range Increases

Question: Where progression through the salary range is by variable increases dependent on the employee's performance, indicate the frequency in-range increases are generally granted.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
6 months	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
12 months	<u>2(50%)</u>	<u>2(40%)</u>	<u>2(29%)</u>	<u>2(14%)</u>	<u>2(17%)</u>
Other	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization reported "Other" for its Management, Professional, Technical and Office employees. It indicated that such employees' in-range increases could be granted between 6 and 12 months.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

9. Variable Progression Through Range (Continued)

B. Basis for Increase Calculations

Question: Indicate how the value of the in-range increases for varying levels of performance is established.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
% of maximum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of minimum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of employee's current (former) rate	<u>3(75%)</u>	<u>3(60%)</u>	<u>3(43%)</u>	<u>3(21%)</u>	<u>2(17%)</u>
Other	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization reported "Other" for its Technical, Office and Non-Office category. This organization indicated that the percent increase was a result of the calculation not the cause of it and that the assessed level of performance determined the amount of increase.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

9. Variable Progression Through Range (Continued)

C. Size of Increases

Question: Indicate the % increase for the highest level of performance, the lowest level of performance and an average or satisfactory level of performance.

Responses:

Simple Average of Values Reported

Increases for:	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- the highest level of performance	<u>12%</u>	<u>12%</u>	<u>12%</u>	<u>12%</u>	<u>*</u>
- the lowest level of performance that merits an increase	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>*</u>
- an average or satisfactory performance level	<u>8%</u>	<u>8%</u>	<u>8%</u>	<u>8%</u>	<u>*</u>

* An insufficient number of organizations were able to report values for the data to be published.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

9. Variable Progression Through Range (Concluded)

D. Factors Determining Increase Size

Question: Indicate the factors considered in determining the amount of the employee's individual increase.

Responses:

Factors Considered:	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Assessed level of performance	<u>3(75%)</u>	<u>3(60%)</u>	<u>4(57%)</u>	<u>4(29%)</u>	<u>3(25%)</u>
Length of service at present salary level	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Position of employee's salary in the salary range	<u>3(75%)</u>	<u>3(60%)</u>	<u>3(43%)</u>	<u>3(21%)</u>	<u>2(17%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>4</u> (100%)	<u>5</u> (100%)	<u>7</u> (100%)	<u>14</u> (100%)	<u>12</u> (100%)

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

10. Range Adjustments and In-Range Increases

Question: Are range adjustments and the employees' in-range increases separately identified to the employees?

Responses:

Number of Organizations by Employment
Category

(% of Total Orgs. With This Range Type)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Separately identified	<u>1(25%)</u>	<u>2(40%)</u>	<u>5(71%)</u>	<u>10(71%)</u>	<u>9(75%)</u>
Blended increases	<u>3(75%)</u>	<u>3(60%)</u>	<u>2(29%)</u>	<u>4(29%)</u>	<u>3(25%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

11. Increase Timing

Question: Where range adjustments and in-range increases are granted on the same date, indicate when the increases are granted.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
The same increase date applies to all employees	<u>2(50%)</u>	<u>2(40%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>2(17%)</u>
The employee's increase applies on his anniversary date	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>-</u>
Another practice applies	<u>1(25%)</u>	<u>1(20%)</u>	<u>1(14%)</u>	<u>1(7%)</u>	<u>1(8%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization, reporting "another practice" for all five categories of employees, indicated that the employee's increase occurs on the anniversary date. However, this can be advanced or retarded at management's discretion. Also the range adjustments and in-range increases would be granted only when, and if, performance merits.

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

12. Increase Timing

Question: Where range adjustments and in-range increases are granted on different dates, indicate when the increases are granted.

Responses:

Number of Organizations by Employment
Category
(% of Total Orgs. With This Range Type)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
A. the Range adjustment is granted:					
- on the same date for all employees	<u>-</u>	<u>1(20%)</u>	<u>4(57%)</u>	<u>11(79%)</u>	<u>8(67%)</u>
- on the employee's anniversary date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(8%)</u>
- another practice applies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
		(100%)	(100%)	(100%)	(100%)
B. the In-Range Increase is granted:					
- on the same date for all employees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(8%)</u>
- on the employee's anniversary date	<u>-</u>	<u>1(20%)</u>	<u>3(43%)</u>	<u>7(50%)</u>	<u>4(33%)</u>
- another practice applies	<u>-</u>	<u>-</u>	<u>1(14%)</u>	<u>4(29%)</u>	<u>4(33%)</u>
Total Orgs. Reporting This Range Type	<u>4</u>	<u>5</u>	<u>7</u>	<u>14</u>	<u>12</u>
		(100%)	(100%)	(100%)	(100%)

MINIMUM TO NORMAL MAXIMUM SALARY STRUCTURES

12. Increase Timing (Concluded)

One organization reporting "another practice" for its Office and Non-Office employees indicated that these employees proceeded on step rates from the date of entry to the position. These employees would reach the job rate in one year or less, and following that, there would be uniform annual increases.

Another organization, reporting for its Technical, Office and Non-Office employees, indicated that the in-range increase was granted based on the length of time on the job. A third organization, reporting for its Office and Non-Office employees, stated that in-range increases were strictly an individual matter and were granted throughout the year.

A fourth company, reporting for its Office employees, indicated that the in-range increases were granted on the anniversary date of the signing of the legal contract. A fifth organization indicated that the in-range increases for its Non-Office employees were awarded based on performance within guidelines. That is, although the steps were fixed, the in-range increase could be granted at variable intervals dependent upon performance.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 6

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

Introduction

With 29 companies, 85% of the total participants, reporting this type of range for some or all of their employees, this was the most popular pay system.

These salary ranges have a defined intermediate rate between the Minimum and the Maximum, the Normal Maximum, beyond which the satisfactory performer generally may not proceed. The Maximum rate is usually attainable only by superior or outstanding performers.

Highlights

- Of the participating companies, 85% had some employees on this type of pay system.
- In all cases, companies reported that the salary ranges overlapped. That is, the Maximum rate of each range was higher than the Minimum rate of the next higher range.
- The Normal Maximum rate, that is the rate that all employees could expect to attain on the basis of length of service and fully satisfactory performance, was most frequently reported as being located at the mid point of the companies' salary ranges. However, in each of the five employment categories, more than 45% of the companies with this range type reported that their Normal Maximum rates were above the mid points of the ranges.
- Where companies identified a separate Control Point, that is a rate between the Minimum and the Merit Maximum used to construct the salary range, in about half of the organizations in each employment category the Control Point and the Normal Maximum rates were the same. Where the Control Point was different, it was most frequently located at the mid point between the Minimum and Maximum rates, with the Normal Maximum rate being at a higher level.
- The range spread, that is the difference between the Minimum and Merit Maximum rates in the ranges, was reported as averaging from 39% to 46% in the five employment categories. A significant number of organizations reported a constant percentage spread for all levels with ranges of this type. Most frequently, these organizations reported a spread of 50% from Minimum to Merit Maximum.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

Highlights (Concluded)

- The range spread as calculated from Minimum to Normal Maximum averaged from 22% to 26% in the five employment categories.
- The range differentials, that is the difference between the Normal Maximum or Control Point rates of one range and those same rates of the next lower range, were reported as averaging from 8% to 10.6% in the five employment categories.
- A wide variety of practices were reported by companies in making their internal-external comparisons. No predominant practice was identified.
- In most cases, progression of employees through these salary ranges is on the basis of variable increases determined by individual employee performance.
- While most companies look at the employee's assessed level of performance and the position of his current salary in the salary range, a significant number of organizations also reported considering the employee's length of service as a criterion for determining the size of salary increases within ranges of this type. In all cases, companies reported that the primary basis for progression by an employee above the Normal Maximum rates of their ranges was above average performance. However, a significant number of responding organizations also indicated that their policies had flexibility to meet particular problem situations and that progression beyond the Normal Maximum rates in some instances might be based on market considerations, such as recruiting and retention considerations.
- The most frequent practice in ranges of this type was for companies to grant a "blended increase", in which they did not separately identify to the employees the in-range increase from the overall range adjustment.
- With respect to salary budget control systems, the most frequently reported system was the use of compa-ratios (actual salaries as percent of Normal Maximum rates) as the control mechanism.
- While a significant number of organizations were unable to report on their distributions of employees within the salary ranges, the resulting data indicate that, on average, the responding firms paid, in the five employment categories, between 23% and 37% of their employees above the Normal Maximum rates of their salary ranges.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

1. Disclosure to Employees

Question: Indicate the items of information about the salary ranges that are disclosed to employees.

Responses:

	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
All ranges in all salary schedules	<u>5(19%)</u>	<u>3(12%)</u>	<u>2(9%)</u>	<u>3(14%)</u>	<u>-</u>
All ranges in the employee's salary schedule	<u>6(23%)</u>	<u>5(20%)</u>	<u>1(5%)</u>	<u>4(18%)</u>	<u>1(25%)</u>
The range applicable to the individual employee	<u>17(65%)</u>	<u>17(68%)</u>	<u>15(68%)</u>	<u>13(59%)</u>	<u>1(25%)</u>
Frequency of salary schedule adjustments	<u>16(62%)</u>	<u>15(60%)</u>	<u>11(50%)</u>	<u>11(50%)</u>	<u>2(50%)</u>
Frequency of in-range increases	<u>13(50%)</u>	<u>12(48%)</u>	<u>8(36%)</u>	<u>9(41%)</u>	<u>2(50%)</u>
Amount of in-range increases	<u>10(38%)</u>	<u>9(36%)</u>	<u>6(27%)</u>	<u>6(27%)</u>	<u>1(25%)</u>
Practices followed in determining salary rates on promotion and transfer	<u>12(46%)</u>	<u>11(44%)</u>	<u>8(36%)</u>	<u>7(32%)</u>	<u>-</u>
No disclosure other than employee's personal rate	<u>5(19%)</u>	<u>6(24%)</u>	<u>7(32%)</u>	<u>8(36%)</u>	<u>2(50%)</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

Most responding organizations indicated that more than one response applied to their disclosure practices.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

1. Disclosure to Employees (Concluded)

Again the Bureau adopted the strictest interpretation of the first response "All ranges in all salary schedules". Thus, the organizations shown beside this response have a very extensive information dissemination policy.

Four companies whose responses are shown beside the first response above indicated that, while their information was not actively communicated to employees, it was readily available should the employee request it. One of these four organizations indicated that the information was available in a personnel manual which was accessible to all staff.

Nine companies indicated that supervisory discretion to varying degrees limited the disclosure. One company, reporting "No disclosure other than employee's personal rate" for its Management employees, indicated that each division had the option of disseminating information on the individual employee's range to each employee. A second organization reported that information on the frequency of in-range increases could be communicated by the employee's supervisor. One organization, whose normal policy was "No disclosure other than employee's personal rate", reported that Management positions with employee management responsibilities would receive all pertinent salary range and job level information for the individuals reporting to the position. One organization reported that each employee was entitled to know his own range plus the one immediately above his range. Another organization reported that the amount of information disseminated increased with higher levels of Management. Two organizations reported increased communication when employees in a particular category were in supervisory positions. One organization reported extensive disclosure for its middle and lower level Management and Professional employees with less disclosure for its higher level Management and Professional employees. One company reported that salary schedule information was restricted to members of personnel management and those in the organization's audit function.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

2. Disclosure Practices

Question: Do disclosure practices vary between unionized and non-union employees?

Responses:

Of the 29 organizations with this range type, only eight (28%) had unionized employees on this pay system. Of the eight companies, only three (38%) reported that there was a difference in disclosure practices between unionized and non-union employees.

The three organizations reported that, while unionized employees have a copy of the collective agreement showing all clauses negotiated, non-union employees do not have access to similar information relating to their positions.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

3. Range Overlap

Question: Is the Minimum rate of a range generally higher than, equal to or lower than the Maximum rate of the next lower range?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Higher than	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equal to	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lower than	<u>26(100%)</u>	<u>25(100%)</u>	<u>22(100%)</u>	<u>22(100%)</u>	<u>4(100%)</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

4. Position of Normal Maximum

Question: Indicate the most frequently occurring position of the Normal Maximum in the salary ranges. (Respondents were asked to report the "percentile" of the Normal Maximum rate.)

The following definitions were given in the questionnaire:

- A "percentile" means 1% of the difference between the Minimum rate and the Maximum rate of a salary range. Thus, the "60th percentile" is 60% of the way up the range from the Minimum. The 50th percentile is the mid point between the Minimum and Maximum.
- A "Normal Maximum" is the rate attainable by employees in a salary range based on length of service and continuing fully satisfactory performance.

Responses:

Number of Organizations by Employment
Category
(% of Total Orgs. With This Range Type)

Percentile Position
of Normal Maximum:

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- Below 50th	<u>-</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>1(5%)</u>	<u>-</u>
- 50 th	<u>13(50%)</u>	<u>11(44%)</u>	<u>10(45%)</u>	<u>11(50%)</u>	<u>1(25%)</u>
- 51 st to 59 th	<u>1(4%)</u>	<u>1(4%)</u>	<u>2(9%)</u>	<u>2(9%)</u>	<u>1(25%)</u>
- 60 th	<u>8(31%)</u>	<u>8(32%)</u>	<u>5(23%)</u>	<u>3(14%)</u>	<u>2(50%)</u>
- 61 st to 70 th	<u>3(12%)</u>	<u>3(12%)</u>	<u>3(14%)</u>	<u>3(14%)</u>	<u>-</u>
- Above 70 th	<u>1(4%)</u>	<u>1(4%)</u>	<u>2(9%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization reported twice for its Technical employees. For those Technical employees on the company's "management" pay system, the Normal Maximum was found at the 50th percentile; for its other Technical employees, the Normal Maximum was located between the 51st and 59th percentile. Both values are counted in the above table.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

4. Position of Normal Maximum (Concluded)

Two organizations reported that the position of Normal Maximum for their employment categories was variable. One of these reported that the position was variable depending upon market conditions. The other stated that the position varied depending upon the level of the job, with a low level job having its Normal Maximum rate at a significantly higher percentile position than does a higher level job.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

5. Position of Control Point, If Applicable

Question: Where a separate Control Point is identified, in addition to a Normal Maximum rate, indicate the most frequently occurring position of the Control Point in the salary ranges. (Where the Control Point was different than the Normal Maximum, respondents were asked to report the "percentile" position of the Control Point.)

The following definitions were given in the questionnaire:

- A "percentile" means 1% of the difference between the Minimum rate and the Maximum rate of a salary range. Thus, the "60th percentile" is 60% of the way up the range from the Minimum. The 50th percentile is the mid point between the Minimum and Maximum.
- A "Control Point" is a rate in a salary range between the Minimum and the Merit Maximum upon which the range is constructed and upon which range adjustments are based.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Control Point Same as Normal Maximum	<u>13(50%)</u>	<u>12(48%)</u>	<u>11(50%)</u>	<u>14(64%)</u>	<u>2(50%)</u>
Control Point Different Than Normal Maximum and					
- Below 50 th percentile	<u>1(4%)</u>	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
- At 50 th percentile	<u>12(46%)</u>	<u>12(48%)</u>	<u>11(50%)</u>	<u>8(36%)</u>	<u>2(50%)</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

The organization, which in question 4 reported that it had a different position for its Normal Maximum for two different groupings of its Technical employees, reported under question 5 that the Control Point, in each case, was at the same point as the Normal Maximum rates. Therefore, the company is counted only once under question 5, while it was counted twice under question 4 (to reflect two different practices).

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

6 A. Range Spread - Minimum to Merit Maximum

Question: Indicate the % spread between the Minimum and Merit Maximum rates (Merit Maximum rate over Minimum rate) of each individual salary range.

Responses:

Simple Average of Reported Values

I. Averages of All Responses	NON-OFFICE				
	MGT	PROF	TECH	OFFICE	OFFICE
Average %	46.2	44.6	43.0	39.4	42.7
Highest %	47.2	45.9	44.9	41.9	45.7
Lowest %	45.4	43.6	41.9	38.3	41.9

Within the Technical employee category, one organization reported a differing percent spreads for two different groupings of its Technical employees. Both values have been recorded in the above tabulation.

The values reported under this question indicated that it is a common practice for organizations to have a constant spread between Minimum and Merit Maximum rates for all ranges under this type of pay structure. A 50% spread from Minimum to Merit Maximum was the most popular. The following tabulation presents some information on the size of the range spreads in those organizations reporting constant percentages for all ranges of this type in the employment categories.

II. Organizations With Constant Percentage Spread for All Levels	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Constant Spread of:					
- 30% to 39%	3(12%)	3(12%)	4(18%)	7(32%)	
- 40% to 49%	1(4%)	2(8%)	1(5%)	2(9%)	1(25%)
- 50%	16(62%)	13(52%)	10(45%)	6(27%)	1(25%)
- 51% to 59%	2(8%)	2(8%)	2(9%)	2(9%)	1(25%)
- 60% to 69%	-	-	-	-	
Not Constant Spread	4(15%)	5(20%)	6(27%)	5(23%)	1(25%)
Total Orgs. Reporting This Range Type	26 (100%)	25 (100%)	22 (100%)	22 (100%)	4 (100%)

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

6 B. Range Spread - Minimum to Normal Maximum

Question: Indicate the % spread between the Minimum and Normal Maximum rates (Normal Maximum over Minimum rate) of each individual salary range.

Responses:

	Simple Average of Reported Values				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Average %	<u>26.3</u>	<u>25.5</u>	<u>25.9</u>	<u>22.1</u>	<u>25.6</u>
Highest %	<u>26.7</u>	<u>25.9</u>	<u>26.6</u>	<u>23.1</u>	<u>26.6</u>
Lowest %	<u>26.0</u>	<u>25.2</u>	<u>25.4</u>	<u>21.6</u>	<u>24.6</u>

Within the Technical employment category, one organization reported differing range data for two different groups of its Technical employees. Both values have been recorded above.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

7 A. Range Differentials at Normal Maximum Rates

Question: Indicate the % spread between the range Normal Maxima (Normal Maximum rate of each range over Normal Maximum rate of next lower range).

Responses:

Simple Average of Reported Values

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Average %	<u>9.2</u>	<u>9.1</u>	<u>9.2</u>	<u>9.2</u>	<u>8.0</u>
Highest %	<u>11.2</u>	<u>10.6</u>	<u>10.7</u>	<u>11.2</u>	<u>8.4</u>
Lowest %	<u>8.1</u>	<u>8.0</u>	<u>8.1</u>	<u>8.0</u>	<u>7.7</u>

Not all respondents were able to report under this question. Of the six organizations not reporting range differential data for their Management category employees, all reported that the employees were on a dollar per point system. This made calculation of range differentials difficult. Of the 20 organizations reporting values under this question, four (20%) reported a constant percent spread between range Normal Maxima.

Of the six organizations unable to report for their Professional employees, five indicated they were under a dollar per point system. The sixth organization indicated that each individual range was set based on market conditions and that data was unavailable on differentials. Of the 19 organizations reporting values, five (26%) organizations reported a constant range differential between Normal Maxima for their Professional employees.

Of the four organizations unable to report data for their Technical category employees, two indicated that their Technical employees were on a dollar per point system. The other two reported that ranges were set individually based on market conditions and they were unable to provide data on differentials. One other organization, while indicating that the data varied by location, was able to provide values and these have been included in the above tabulation. Of the 18 organizations providing data, eight (44%) indicated that there was a constant spread between the range Normal Maxima for their Technical employees.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

7 A. Range Differentials at Normal Maximum Rates (Concluded)

Under the Office category only one company was unable to report. However, a further two organizations, that did provide data which is included in the above table, indicated that there was considerable variance between locations. Another organization provided a rough estimate of the differentials. These are also included in the above table. Of the 21 reporting organizations, eight (38%) reported a constant spread between range Normal Maxima for their Office employees.

Of the four organizations reporting employees under the Non-Office category, three (75%) indicated that there was a constant spread between range Normal Maxima.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

7 B. Range Differentials at Control Points

Question: Where a separate Control Point is identified, indicate the % spread between the range Control Points (Control Point of each range over the Control Point of the next lower range).

Responses:

Simple Average of Reported Values

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Average %	<u>9.8</u>	<u>9.2</u>	<u>10.0</u>	<u>10.6</u>	<u>*</u>
Highest %	<u>11.0</u>	<u>10.3</u>	<u>10.7</u>	<u>12.2</u>	<u>*</u>
Lowest %	<u>9.1</u>	<u>8.4</u>	<u>9.7</u>	<u>9.8</u>	<u>*</u>
Total Orgs. with Control Points Separate From Normal Maximum	<u>13</u>	<u>13</u>	<u>11</u>	<u>8</u>	<u>2</u>

* An insufficient number of organizations were able to report values for the data to be published.

Not all organizations were able to report data under this question. Of the six organizations unable to report a differential between Control Points for their Management employees, three indicated that this was because such employees were on a dollar per point system. Of the seven organizations reporting values, one (14%) indicated that there was a constant differential between Control Points. This organization reported that the spread between range Normal Maxima varied. Of the remaining six organizations, all indicated that the spread between range Control Points was identical to the spread between range normal maxima.

In the Professional category, three of the six organizations unable to report indicated that each job had its own range. Thus, calculation of the differentials would be a major task. Of the seven organizations reporting, two indicated a constant percentage difference between range Control Points. One of these organizations indicated that the differential between range Normal Maxima was identical to that between range Control Points. The second organization indicated that the differentials between Normal Maxima and Control Points were different. The remaining five reporting organizations indicated an identical percent spread between range Control Points and between range Normal Maxima.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

7 B. Range Differentials at Control Points (Concluded)

In the Technical category, of the four organizations unable to report on percent spread between range Control Points, two indicated that it was because the jobs each had separate salary ranges. The third company stated that it was unable to report because of varying schedules by location. Of the seven reporting organizations, four indicated a constant spread between range Control Points. Three of these four organizations indicated that the differential between Control Points was identical to the spread between range Normal Maxima, while the fourth indicated different spreads between these points.

Two organizations were unable to report on their Office category. Of the six reporting, three indicated a constant spread between range Control Points. All six organizations indicated that the spread between range Control Points was identical to the spread between range Normal Maxima.

There were only two organizations that reported under the Non-Office category. Average values cannot be published to preserve confidentiality. In both cases, there was a constant spread between range Control Points, which was the same as the differential between range Normal Maxima.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

8. Range Construction

Question: Respondents were asked to describe the normal method they use to construct salary ranges.

Responses:

The Bureau received a wide variety of responses to this question. In general, however, a pattern was followed, with variations applicable to each company. That pattern is described below.

1. Establishment of a Policy Line

A policy line is established using a number of methodologies. To generalize, these involved collecting external market data and taking either a composite average of this data or a particular point within the data received from the outside to develop an internal policy curve. Also considered, in developing this internal policy curve, would be such elements as the external recruiting market, profitability of the firm and the company's particular pay objectives. In other instances, this policy line is developed largely on the basis of internal relativities, sometimes with unionized settlements. One company reported that its non-union employees' policy line was established mathematically from the union settlement.

2. Set a Mid Point

The mid point in dollars is generally determined by relating the job evaluation plan to dollars on the salary curve. This relativity may be by points, for those organizations having a point rating plan, or by classification job band for other organizations. When the mid point is established it is usually for convenience called the "100%" point.

3. Establishing a Minimum

The Minimum is established by taking a percentage or a dollar reduction from a mid point. Some organizations reported that this calculated value was rounded.

4. Establishing a Maximum

The Maximum is calculated as a percentage or dollar increase from the mid point. It may be rounded as well.

5. Performance Bands

Superimposed upon this salary structure in most instances were the performance appraisal banding systems established and utilized by the company. They were mathematically calculated to fit within the Minimum to Maximum points of the established salary band.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

8. Range Construction (Concluded)

However, depending upon the number of performance appraisal bands, it was in many instances necessary to place the mid point of this salary band at the centre of the fully satisfactory performance appraisal band. In these instances the Normal Maximum is the top of the fully satisfactory performance band and the original mid point becomes what the Bureau calls a Control Point.

As another variation, one organization, reporting for its unionized Office employees, indicated that with the commencement of union activity it became normal practice to negotiate percentage increases for each point in the ranges, that is the Minimum, Normal Maximum and Merit Maximum rates.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

9. External Comparisons

Question: Using the following table as a reference, indicate the relationship your company primarily uses in comparing its salaries to external market rates.

Company Rates	External Rates	
A Company Reference Point	B Measure of Market Rates Used	C Market Reference Point
1. Minimum Rates of Ranges	1. First Quartile	1. Minimum Rates of Outside Ranges
2. Median of Rates Actually Paid	2. Median	2. Rates Actually Paid
3. Mean of Rates Actually Paid	3. Mean	3. Maximum Rates of Outside Ranges
4. Normal Maximum Rates of Ranges	4. Third Quartile	4. Normal Maximum Rates of Outside Ranges
5. In-Range Control Point	5. Other (specify)	5. Merit Maximum Rates of Outside Ranges
6. Merit Maximum Rates of Ranges		6. Other (specify)
7. Other (specify)		

Responses:

A wide variety of responses were received to this question. To reflect the reported practices, we have reported the results in two ways.

Tabulations A, B and C which follow, show the results on the basis of the frequency with which the survey organizations reported they used particular internal and external reference points. However, we also felt it was important to identify the full pattern of internal-external comparison for users of this report. Therefore, the D tabulation shows responding companies according to the full process of how they make their comparisons.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

9. External Comparisons (Continued)

A. Company Reference Point

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. Minimum Rates of Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2. Median of Rates Actually Paid	<u>-</u>	<u>1(4%)</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
3. Mean of Rates Actually Paid	<u>9(35%)</u>	<u>9(36%)</u>	<u>7(32%)</u>	<u>5(23%)</u>	<u>1(25%)</u>
4. Normal Maximum Rates of Ranges	<u>11(42%)</u>	<u>9(36%)</u>	<u>7(32%)</u>	<u>7(32%)</u>	<u>1(25%)</u>
5. In-Range Control Point	<u>6(23%)</u>	<u>6(24%)</u>	<u>7(32%)</u>	<u>7(32%)</u>	<u>2(50%)</u>
6. Merit Maximum Rates of Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8. Unable to report	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

9. External Comparisons (Continued)

B. Measure of Market Rates Used

	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
1. First Quartile	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2. Median	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
3. Mean	<u>15(58%)</u>	<u>15(60%)</u>	<u>15(68%)</u>	<u>14(64%)</u>	<u>2(50%)</u>
4. Third Quartile	<u>11(42%)</u>	<u>9(36%)</u>	<u>6(27%)</u>	<u>6(27%)</u>	<u>2(50%)</u>
5. Other	<u>1(4%)</u>	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. Unable to report	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

C. Market Reference Point

	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
1. Minimum Rates of Outside Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2. Rates Actually Paid	<u>19(73%)</u>	<u>19(76%)</u>	<u>16(73%)</u>	<u>15(68%)</u>	<u>3(75%)</u>
3. Maximum Rates of Outside Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4. Normal Maximum Rates of Outside Ranges	<u>8(31%)</u>	<u>6(24%)</u>	<u>6(27%)</u>	<u>5(23%)</u>	<u>1(25%)</u>
5. Merit Maximum Rates of Outside Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Unable to report	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

9. External Comparisons (Continued)

D. Full Comparison Processes
Used

Number of Organizations by Employment
Category
(% of Total Orgs. With This Range Type)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
1. Company compares the median of rates actually paid to its employees with mean of rates actually paid in the external market.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
2. Company compares the mean of rates actually paid to its employees to the median of rates actually paid in the external market.	<u>1(4%)</u>	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3. Company compares the mean of rates actually paid to its employees to the mean of rates actually paid in the external market.	<u>6(23%)</u>	<u>6(24%)</u>	<u>5(23%)</u>	<u>4(18%)</u>	<u>1(25%)</u>
4. Company compares the mean of rates actually paid to its employees to the mean of the normal maximum rates of ranges in the external market.	<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>-</u>	<u>-</u>
5. Company compares the mean of rates actually paid to its employees to the third quartile of rates actually paid in the external market.	<u>3(12%)</u>	<u>3(12%)</u>	<u>2(9%)</u>	<u>1(5%)</u>	<u>-</u>
6. Company compares the normal maximum rates of its own ranges to the mean of rates actually paid in the external market.	<u>3(12%)</u>	<u>3(12%)</u>	<u>3(14%)</u>	<u>3(14%)</u>	<u>-</u>

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

9. External Comparisons (Continued)

D. Full Comparison Processes Used (Continued)	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON- OFFICE
7. Company compares the normal maximum rates of its own ranges to the mean of the normal maximum rates of ranges in the external market	<u>3(12%)</u>	<u>3(12%)</u>	<u>4(18%)</u>	<u>3(14%)</u>	<u>-</u>
8. Company compares the normal maximum rates of its own ranges to the third quartile of rates actually paid in the external market.	<u>1(4%)</u>	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
9. Company compares the normal maximum rates of its own ranges to the "top quarter" of rates actually paid in the external market.	<u>1(4%)</u>	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
10. Company compares the normal maximum rates of its own ranges to the third quartile of the normal maximum rates of ranges in the external market.	<u>4(15%)</u>	<u>3(12%)</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>1(25%)</u>
11. Company compares an in-range control point of its own ranges to the median of rates actually paid in the external market.	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>1(5%)</u>	<u>-</u>
12. Company compares an in-range control point of its own ranges to the mean of rates actually paid in the external market.	<u>4(15%)</u>	<u>4(16%)</u>	<u>4(18%)</u>	<u>4(18%)</u>	<u>1(25%)</u>

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

9. External Comparisons (Concluded)

D. Full Comparison Processes Used (Continued)	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
13. Company compares an in-range control point of its own ranges to the third quartile of rates actually paid in the external market.	<u>3(12%)</u>	<u>3(12%)</u>	<u>3(14%)</u>	<u>3(14%)</u>	<u>1(25%)</u>
Organizations unable to report.	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Several organizations reported more than one response to this question for the same employment categories, indicating that more than one relationship was considered of primary importance. All such responses are counted in the above tabulation of the responses.

Two organizations were unable to respond to this question for certain categories of their employees. One of these two, reporting on its Technical and Office employees, stated that salaries were related mathematically to unionized settlements within the same company. A second organization indicated that its Office employees were matched exactly to the pay ranges found in its parent company.

Several companies indicated that their responses to this question were flexible guideline comparisons in that the process of comparing internal salaries to external market rates was more an art than a science.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

10. Progression to Normal Maximum

Question: Indicate how employees progress through their salary ranges to the Normal Maximum rates.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Fixed step rates granted <u>one-step-at-a-time</u> for satisfactory performance	<u>3(12%)</u>	<u>3(12%)</u>	<u>4(18%)</u>	<u>5(23%)</u>	<u>1(25%)</u>
Fixed step rates granted <u>one or more</u> at a time depending on individual performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
Standard \$ or % increases for satisfactory performance (no fixed step rates)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(9%)</u>	<u>-</u>
Variable increases based on individual performance	<u>23(88%)</u>	<u>22(88%)</u>	<u>18(82%)</u>	<u>15(68%)</u>	<u>3(75%)</u>
Other	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>1(5%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization reported twice under the Technical employment category. It indicated that, for its employees within the Technical category paid on its "management" pay system, increases were variable based on individual performance. For its other Technical employees, the response was "fixed step rates granted one-step-at-a-time for satisfactory performance".

One organization indicated an "Other" response for its Technical and Office employees. It reported that both the increase and the interval between increases were variable based on individual performance and position in the range.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

10. Progression to Normal Maximum (Concluded)

Two organizations reported twice for their Office employees. One company stated that, for its lower level Office employees, the method of progression was fixed step rates granted one or more at a time depending upon individual performance. For its higher level Office employees, progression was by variable increases based on individual performance. The second organization indicated that progression from the minimum to the mathematical mid point of the range was by fixed step rate. From the mid point of the range to the Normal Maximum, merit was considered in granting these steps.

One company reported for its Management, Professional, Technical and Office employees that progression was by variable increases based on individual performance. However, it also indicated that university and community college graduates join their organization on a 4-year progression plan with adjustments tied to individual performance and the market.

Another company reported variable increases based on individual performance for its Management, Professional and Technical employees. In addition, a separate salary plan exists for non-administrative graduate engineers, computer systems analysts and computer programmers. These employees on entry are placed on a two-year merit progression plan which gives each employee merit increases and scheduled promotions.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

11. Fixed Steps or Standard Increases to the Normal Maximum

A. Frequency of In-Range Increases

Question: Where automatic progression through fixed step rates or standard increases apply up to the Normal Maximum Rate, indicate the frequency in-range increases are generally granted.

Responses:

Number of Months Between Increases:	Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- 6 months	<u>1(4%)</u>	<u>1(4%)</u>	<u>3(14%)</u>	<u>5(23%)</u>	<u>1(25%)</u>
- 7 to 11 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
- 12 months	<u>2(8%)</u>	<u>2(8%)</u>	<u>1(5%)</u>	<u>-</u>	<u>-</u>
- Variable	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

The responses under this question should be considered in conjunction with the responses to question 12. Organizations reporting fixed step rates or standard increase progression to the Normal Maximum responded under question 11. The practices of those with variable progression to the Normal Maximum are reported under question 12.

Under the Office employment category, one organization is counted twice. This organization grants increases every 6 months up to a certain point in each range. After reaching this in-range point, the increases are granted based upon merit. Thus, this organization is tallied once under "6 months" and once under "variable". One other organization reported under "variable" indicated that the increases are granted at either 6 or 12 month intervals.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

11. Fixed Steps or Standard Increases to the Normal Maximum (Continued)

B. Basis for Increase Calculations

Question: Indicate how the value of the step rate or standard increase is determined.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
% of Normal Maximum rate	<u>1(4%)</u>	<u>1(4%)</u>	<u>2(9%)</u>	<u>3(14%)</u>	<u>-</u>
% of Merit Maximum rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of Minimum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of employee's current (former) rate	<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>1(25%)</u>
Other	<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

All organizations shown as responding "Other" reported a standard dollar amount for increases.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

11. Fixed Steps or Standard Increases to the Normal Maximum (Concluded)

C. Size of Increases

Question: Indicate the most typical value of each standard increase or increase between step rates for satisfactory performance.

Responses:

		Number of Organizations by Employment Category				
		(% of Total Orgs. With This Range Type)				
		<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
0% - 6%		<u>2(8%)</u>	<u>2(8%)</u>	<u>3(14%)</u>	<u>5(23%)</u>	<u>1(25%)</u>
7% - 12 %		<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>	<u>-</u>
Standard \$ increase		<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type		<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
		(100%)	(100%)	(100%)	(100%)	(100%)

One organization is reported twice under the Technical category. This organization reported two typical values of standard increases. The typical value for one group of its Technical employees fell within the 0% to 6% range, while the typical increase for the other grouping was within the 7% to 12% range.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

12. Variable Progression to the Normal Maximum

A. Frequency of In-Range Increases

Question: Where progression through the salary range is by variable increases dependent on the employee's performance up to the Normal Maximum rate, indicate the frequency in-range increases are generally granted.

Responses:

Number of Months Between Increases:	Number of Organizations by Employee Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- 6 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
- 7 to 11 months	<u>1(4%)</u>	<u>1(4%)</u>	<u>2(9%)</u>	<u>7(32%)</u>	<u>-</u>
- 12 months	<u>16(62%)</u>	<u>14(56%)</u>	<u>10(45%)</u>	<u>2(9%)</u>	<u>1(25%)</u>
- Variable	<u>6(23%)</u>	<u>7(28%)</u>	<u>7(32%)</u>	<u>6(27%)</u>	<u>2(50%)</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

The responses to this question should be read with the responses to question 11. In question 11, practices applying in organizations reporting fixed or standard progression to the Normal Maximum are reported. In this question, those with variable progression to the Normal Maximum are reported. Note that in the Office category one organization is reported twice. Its lower level Office employees are reported under question 11 and its higher level Office employees are counted in the responses to this question 12 above.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

12. Variable Progression to the Normal Maximum (Continued)

B. Basis for Increases Calculations

Question: Indicate how the value of the in-range increases for varying levels of performance is established.

Responses:

	Number of Organizations by Employee Category (% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
% of Normal Maximum rate	<u>3(12%)</u>	<u>3(12%)</u>	<u>2(9%)</u>	<u>2(9%)</u>	<u>-</u>
% of Merit Maximum rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of Minimum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
% of employee's current (former) rate	<u>12(46%)</u>	<u>11(44%)</u>	<u>11(50%)</u>	<u>9(41%)</u>	<u>1(25%)</u>
Other	<u>8(31%)</u>	<u>8(32%)</u>	<u>6(27%)</u>	<u>4(18%)</u>	<u>2(50%)</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

Of the organizations responding "Other", many responded that the percent value of an increase was a result of the dollar increase given, rather than the method used in calculating it.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

12. Variable Progression to the Normal Maximum (Continued)

C. Size of Increases

Question: What is the % increase for the highest level of performance, the lowest level of performance, and an average or satisfactory level of performance.

Responses:

Simple Average of Values Reported

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Increases for:					
- the highest level of performance	<u>12%</u>	<u>13%</u>	<u>13%</u>	<u>11%</u>	<u>*</u>
- the lowest level of performance that merits an increase	<u>5%</u>	<u>5%</u>	<u>6%</u>	<u>4%</u>	<u>*</u>
- an average or satisfactory performance level	<u>8%</u>	<u>8%</u>	<u>8%</u>	<u>7%</u>	<u>8%</u>

* An insufficient number of organizations were able to report values for the data to be published.

Users of this table are cautioned that not all organizations were able to report the percentage values required by this question.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

12. Variable Progression to the Normal Maximum (Concluded)

D. Factors Determining Increase Size

Question: Indicate the factors considered in determining the amount of the employee's individual increase.

Responses:

Factors Considered:	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Assessed level of performance	<u>22(85%)</u>	<u>21(84%)</u>	<u>18(82%)</u>	<u>16(73%)</u>	<u>4(100%)</u>
Length of service at present salary level	<u>3(12%)</u>	<u>3(12%)</u>	<u>3(14%)</u>	<u>4(18%)</u>	<u>2(50%)</u>
Position of employee's salary in the salary range	<u>19(73%)</u>	<u>18(72%)</u>	<u>16(73%)</u>	<u>14(64%)</u>	<u>4(100%)</u>
Other	<u>2(8%)</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization, reporting under the Management and Office categories, indicated that time progression was also considered. That is, if an employee has not reached the Normal Maximum after what was considered to be an appropriate time period, the employee may receive an additional increase to put him at the correct rate.

One organization, reporting for its Management employees, indicated that assessed level of performance, potential for further advancement, assumption of increased responsibility in the job and reclassification action were the factors considered.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum

A. Frequency of In-Range Increases

Question: For progression beyond the Normal Maximum rate of the salary range, indicate the frequency the in-range increases are generally granted.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Months Between Increases:					
- 6 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- 7 to 11 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- 12 months	<u>23(88%)</u>	<u>22(88%)</u>	<u>18(82%)</u>	<u>18(82%)</u>	<u>3(75%)</u>
- Variable	<u>3(12%)</u>	<u>3(12%)</u>	<u>4(18%)</u>	<u>4(18%)</u>	<u>1(25%)</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Within the Management employment category, two organizations, which reported that their employees were eligible for review "once a year", were counted as "12 months" between increases. Another organization, also tallied as "12 months" between increases, indicated that salary increases were awarded on the anniversary date of appointment for the first two years. Subsequently, this increase date could be altered. Another organization, also reported above as "12 months" between increases, also stated that this reported time interval might vary in some cases. Users of the report may wish to move these four organizations to the "Variable" response under the Management category.

Two of the three organizations listed under "Variable" indicated that their Management category employees were generally granted salary increases within a range of 10 to 14 months.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

A. Frequency of In-Range Increases (Concluded)

Of the organizations listed under "12 months" between increases for the Professional category, four included comments which may influence users of the table to include them under "Variable". Of the four, two indicated that employees are eligible for review "once a year", one organization, while reporting "12 months", also indicated that the number could vary, and the fourth company, while indicating "12 months", also noted that if an employee had been in a position for more than two years, this time span could be decreased. Two of the three organizations listed under "Variable" indicated that the frequency fell within the 10 to 14 month range.

Of the organizations reporting Technical employees, four made comments that could place them beside the "Variable" instead of the "12 months" response. Two of the four organizations indicated that their employees received in-range increases once per calendar year. One, while indicating "12 months" between in-range increases, also indicated that the number could vary. The fourth organization, while indicating "12 months", also noted that if the employee had been in a position for more than two years, this interval could be reduced. Of the four organizations indicating a variable number of months between increases, two organizations reported time spans varying from a low of 10 months to a high of 14 months, while one organization indicated that approximately 24 months was the norm.

Within the Office employment category, three organizations are reported as having "12 months" between increases, but qualified this response. Two of the three indicated that their employees receive one in-range increase "per year". The third, although reporting "12 months", also stated that that number could vary. Of the four organizations reporting a variable number of months between increases, two reported a range of within 10 to 14 months, while a third reported about 24 months between increases.

The one organization, reporting a variable number of months between increases for its Non-Office category employees, indicated a time span of between 11 and 13 months between in-range increases.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

B. Basis for Increase Calculations

Question: Indicate how the value of the in-range increases for varying levels of performance is established.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
% of Normal Maximum rate of range	<u>7(27%)</u>	<u>7(28%)</u>	<u>6(27%)</u>	<u>6(27%)</u>	<u>-</u>
% of Merit Maximum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of Minimum rate of range	<u>1(4%)</u>	<u>1(4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of employee's current (former) rate	<u>12(46%)</u>	<u>11(44%)</u>	<u>11(50%)</u>	<u>11(50%)</u>	<u>1</u>
Other	<u>6(23%)</u>	<u>6(24%)</u>	<u>5(23%)</u>	<u>5(23%)</u>	<u>3</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

For its Management category employees, one organization included under "% of Normal Maximum rate", indicated that the percent increase was a result of the calculation of the salary increase. That is, the increase was calculated on a dollar basis followed by the percentage calculation. Two organizations, shown beside the "Other" response for Management employees, stated that the final position of the employee's salary in the range, after the review, was determined first and the percent increase followed by calculation. Two organizations, reported under "Other" for Management category employees, indicated that they calculated the percent based on an in-range control point. One organization, also listed under "Other" for its Management employees, indicated that the increase was established based on the position of the employee's current salary in the range, in conjunction with the evaluation or performance rating. A final organization, reported under "Other" for its Management employees, indicated that a merit budget

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

B. Basis for Increase Calculations (Continued)

was provided for the use of the Department based on a percent of year-end payroll. Within this merit budget a range of merit increases was provided relating to performance. That is, superior performers had a higher range of merit percent increases than acceptable employees.

For Professional employees, one organization reported under "% of Normal Maximum Rate", indicated that the increase was calculated on a dollar basis and the percent increase was a result of the calculation of the salary increase, not its cause. One organization, reported under "Other", indicated that the final position of the Professional employee's salary in the range for a particular review was determined first, and the percent followed by calculation. Two companies, reported under "Other" for Professional employees, stated that the values were calculated as a percent of an in-range control point. One organization, reported under "Other", indicated that the percent of the increase was dependent upon the position of the Professional employee's current salary in the salary range, in conjunction with the evaluation. One organization reported under "Other" indicated that the final position of an employee's salary in the range after the review was first determined. Then the difference, between where the employee's salary actually is, and where it will be after the increase, is calculated as a percent increase. One organization indicated that it had a merit budget system in use for Professional employees within each department. This budget is calculated as a percent of payroll and, within it, a range of merit increases for varying levels of performance is established.

One organization, reported under "% of Normal Maximum rate" for its Technical employees, indicated that the initial increase is calculated on a dollar basis and the percent increase was a result of the calculation of the salary increase. One company, shown as "Other", for its Technical employees, indicated that the value of the increase was calculated based on an in-range control point. One organization, reported under "Other", reported that its Technical employee increases were dependent upon the position of the employee's current salary in the salary range and the evaluation. One organization indicated that its Technical employees received a fixed percentage above a standard rate for every appraisal rating above satisfactory. One employer reported that the final position of the employee's salary in the range after the review was determined first and the percent increase followed by calculation. The final company reported under "Other", reported a merit budget system based on percent of payroll. Within this merit budget a range of merit increases were provided related to performance.

For its Office employees, one organization, reported under "% of Normal Maximum rate", indicated that the increase was calculated on a dollar basis and the percent increase as a result of this calculation. One organization reported under "Other" indicated that there was an annual performance budget allocated to department heads and sub-allocated on the basis of

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

B. Basis for Increase Calculations (Concluded)

individual performance. One organization reported that the value of the increase was calculated as a percent of an in-range control point. One organization reported that its Office employees received increases based on a fixed percentage above the standard rate for every appraisal rating above satisfactory. One company reported that the final position of the employee's salary in the range after the review was determined first and that the percent increase followed by calculation. The final organization reporting under "Other" in this category, indicated that the percent of the employee's increases depended upon the position of the employee's current salary within the salary range and the current evaluation or performance rating.

Of the organizations reporting under "Other" for their Non-Office employees, one indicated that the increase was calculated based on a percent of an in-range control point. Another organization indicated that its Non-Office employees received a fixed percentage above the standard rate for every appraisal rating level above satisfactory. The final organization indicated that the percent of the employee's increase was dependent upon the position of the employee's current salary in the salary range and the performance evaluation.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

C. Size of Increases

Question: Indicate the % increase for the highest level of performance and the lowest level of performance that merits an increase above the Normal Maximum.

Responses:

Simple Average Values Reported

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Increase for:					
- the highest level of performance	<u>11%</u>	<u>11%</u>	<u>11%</u>	<u>11%</u>	<u>*</u>
- the lowest level of performance that merits an increase above the Normal Maximum	<u>4%</u>	<u>4%</u>	<u>4%</u>	<u>4%</u>	<u>*</u>

* An insufficient number of organizations were able to report values for the data to be published.

Users of these data are cautioned that not all organizations were able to respond to this question and that in many instances the values quoted by individual organizations were generalizations rather than precise figures. Several firms stated that their reported figures represented only one year and would vary considerably through time. Due to Bureau confidentiality restrictions, no average values can be reported for Non-Office employees.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

D. Factors Determining Increase Size

Question: Indicate the factors considered in determining the amount of the employee's individual increase.

Responses:

Number of Organizations by Employment Category

(% of Total Orgs. With This Range Type)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Factors Considered:					
Assessed level of performance	<u>26(100%)</u>	<u>25(100%)</u>	<u>22(100%)</u>	<u>22(100%)</u>	<u>4(100%)</u>
Length of service at present salary level	<u>4(15%)</u>	<u>4(16%)</u>	<u>4(18%)</u>	<u>6(27%)</u>	<u>2(50%)</u>
Position of employee's salary in the salary range	<u>20(77%)</u>	<u>19(76%)</u>	<u>17(77%)</u>	<u>17(77%)</u>	<u>4(100%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

The one organization reporting "Other" for its Office employees, stated that the budget available for salary increases was also a determining factor in the employee's individual increase.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Continued)

E. Basis for Progression Beyond Normal Maximum

Question: Indicate the basis on which an employee may be paid above the Normal Maximum.

Responses:

Basis for Progression Beyond Normal Maximum:	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Above average performance	<u>26(100%)</u>	<u>25(100%)</u>	<u>22(100%)</u>	<u>22(100%)</u>	<u>4(100%)</u>
Average or satis- factory performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Combined average or satisfactory performance and long service	<u>3(12%)</u>	<u>3(12%)</u>	<u>3(14%)</u>	<u>2(9%)</u>	<u>-</u>
Average or satis- factory performance when nearing retire- ment age	<u>2(8%)</u>	<u>2(8%)</u>	<u>2(9%)</u>	<u>1(5%)</u>	<u>1(25%)</u>
Based on market considerations, e.g. recruiting and retention consider- ations	<u>8(31%)</u>	<u>8(32%)</u>	<u>7(32%)</u>	<u>4(18%)</u>	<u>1(25%)</u>
Policy has flexibility to meet particular problem situations	<u>11(42%)</u>	<u>11(44%)</u>	<u>9(41%)</u>	<u>8(36%)</u>	<u>2(50%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

13. Progression Beyond Normal Maximum (Concluded)

E. Basis for Progression Beyond Normal Maximum (Concluded)

Several organizations added to their responses that very much above average or sustained above average performance was required before an employee could be paid above the Normal Maximum.

One company, reporting under "combined average or satisfactory performance and long service" for its Management, Professional, Technical and Office employees, had a policy which provided that employees of long service, who consistently performed in a fully satisfactory manner and demonstrated a concerned attitude toward the company and its success, would be allowed to move to the maximum of their salary range provided that the employee had been in the same job for 10 years and over.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

14. Range Adjustments and In-Range Increases

Question: Are range adjustments and the employees' in-range increases separately identified to the employees?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Separately identified	<u>11(42%)</u>	<u>10(40%)</u>	<u>10(45%)</u>	<u>10(45%)</u>	<u>1(25%)</u>
Blended increases	<u>16(62%)</u>	<u>16(64%)</u>	<u>13(59%)</u>	<u>14(64%)</u>	<u>4(100%)</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One company is reported twice in this table and in the responses to both questions 15 and 16 for all employment categories. This company grants a general range increase on one date each year and announces the figures. The individual employee's salary is adjusted on the anniversary date. This increase is given in an undifferentiated single amount that consists of the general economic increase, if applicable, the merit increase, if applicable, and a catch up factor, if applicable.

One other company is counted twice in this question and is included in both questions 15 and 16. It reported, for its Office employees, that if the individual employee's salary is below the mathematical mid point, the two increase types were separately identified. However, if the employee's salary is above the mid point there is a blended increase.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

15. Increase Timing

Question: Where range adjustments and in-range increases are granted on the same date, indicate where.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
The same increase date applies to all employees	<u>9(35%)</u>	<u>9(36%)</u>	<u>6(27%)</u>	<u>6(27%)</u>	<u>1(25%)</u>
The employee's increase applies on his anniversary date	<u>7(27%)</u>	<u>7(28%)</u>	<u>6(27%)</u>	<u>5(23%)</u>	<u>1(25%)</u>
Another practice applies	<u>3(12%)</u>	<u>3(12%)</u>	<u>3(14%)</u>	<u>3(14%)</u>	<u>2(50%)</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

One organization reported "another practice applies" for all five employee categories. This employer reported that it develops a timing and percentage salary increase grid based on the company salary objectives. All its ranges change on a particular date, but this change is not necessarily granted to an individual employee - that would depend upon whether and when performance warrants it. This results in salary increases occurring throughout the calendar year for employees in this company.

Another organization reported "another practice" for its Management, Professional, Technical and Office employees. For these employees, the range adjustments and range increases were granted on the same date, but this date could vary from between 10 to 14 months of the previous adjustment.

A third organization, reporting "another practice" for all five employee categories, indicated that an employee below the Normal Maximum would receive increases based on performance, position in range and length of time since the last increase. Once the Normal Maximum was reached, salary adjustments would be made annually.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

16. Increase Timing

Question: Where range adjustments and in-range increases are granted on different dates, indicate when the increases are granted.

Responses:

		Number of Organizations by Employment Category (% of Total Orgs. With This Range Type)				
		<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
A.	The Range Adjustment is granted:					
	- on the same date for all employees	<u>7(27%)</u>	<u>6(24%)</u>	<u>7(32%)</u>	<u>7(32%)</u>	<u>-</u>
	- on the employee's anniversary date	<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
	- another practice applies	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>1(25%)</u>
	Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
		(100%)	(100%)	(100%)	(100%)	(100%)
B.	The In-Range Increase is granted:					
	- on the same date for all employees	<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>2(9%)</u>	<u>-</u>
	- on the employee's anniversary date	<u>3(12%)</u>	<u>2(8%)</u>	<u>2(9%)</u>	<u>1(5%)</u>	<u>-</u>
	- another practice applies	<u>4(15%)</u>	<u>4(16%)</u>	<u>5(23%)</u>	<u>7(32%)</u>	<u>1(25%)</u>
	Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
		(100%)	(100%)	(100%)	(100%)	(100%)

Organizations reporting "another practice applies" had practices which fall into two general categories. The first applies in the organizations that are on a system of pure pay for performance. The ranges are updated regularly, but individual employees only receive their update if and when their performance merits it. There were no scheduled increases.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

16. Increase Timing (Concluded)

The second approach to increase timing is for the organization to determine individual increase schedules for each employee. These are based on a number of factors such as job complexity, employee's performance level on the job, date of previous increase, position in the range and general company guidelines.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

17. Salary Budget Control

Question: Indicate what control system is used to administer salaries in the range.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
No formal control system	<u>2(8%)</u>	<u>2(8%)</u>	<u>2(9%)</u>	<u>3(14%)</u>	<u>-</u>
Performance ratings only	<u>5(19%)</u>	<u>4(16%)</u>	<u>3(14%)</u>	<u>4(18%)</u>	<u>1(25%)</u>
Performance rating quotas	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>1(5%)</u>	<u>-</u>
Normal Maximum as budget standard (i.e. Normal Maximum X number of employees = salary budget)	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>1(5%)</u>	<u>-</u>
Selected Control Point as budget standard	<u>3(12%)</u>	<u>3(12%)</u>	<u>2(9%)</u>	<u>2(9%)</u>	<u>2(50%)</u>
Compa-ratio (actual salaries as % of Normal Maximum)	<u>18(69%)</u>	<u>18(72%)</u>	<u>15(68%)</u>	<u>11(50%)</u>	<u>-</u>
Other	<u>2(8%)</u>	<u>2(8%)</u>	<u>2(9%)</u>	<u>1(5%)</u>	<u>1(25%)</u>
Total Orgs. Reporting This Range Type	<u>26</u> (100%)	<u>25</u> (100%)	<u>22</u> (100%)	<u>22</u> (100%)	<u>4</u> (100%)

Several organizations reported more than one system. All such systems are included in the above table even though, in some instances, the systems were described as guidelines rather than controls.

One organization, reporting an "Other" system for all five employee categories, indicated that the cost was planned based on the movement of outside rates and the company position relative to these rates. Another organization, shown under "Other" for its Management, Professional and Technical employees, indicated that a very strict control on the total merit budget was maintained, in conjunction with compa-ratio control.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

17. Salary Budget Control (Concluded)

One organization, counted under the "performance ratings only" response, indicated that if salary planning was not compatible with the budget, other action such as reduction of staff size would be taken within its Management and Professional employee categories.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

18. Salary Budget

Question: Indicate if the salary budget control system varies between unionized and non-union groups of employees.

Responses:

No organization responded to this question with any specific differences between salary budget control systems of unionized and non-union employee groups. Two comments were made by more than one company in their responses. One was that the collective agreement became the budget control system for unionized employees. The other comment was that the time frame for unionized and non-unionized employees varied. Unionized employees were often covered by agreements with terms longer than one year, while non-unionized salary planning was completed once a year.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

19. Distribution of Employees in Ranges

Question: What has been the typical distribution of employee rates in the ranges at the conclusion of the salary administration year?

Responses:

A. Average of Distributions <u>Reported</u>	Simple Average of Reported Values				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
% of employees at and below the Normal Maximum	<u>63.3%</u>	<u>69.7%</u>	<u>77.2%</u>	<u>68.7%</u>	<u>*</u>
% of employees above the Normal Maximum	<u>36.7%</u>	<u>30.3%</u>	<u>22.8%</u>	<u>31.3%</u>	<u>*</u>

* An insufficient number of organizations were able to report values for the data to be published.

MINIMUM - NORMAL MAXIMUM - MERIT MAXIMUM SYSTEMS

19. Distribution of Employees in Ranges (Concluded)

B. Frequency Distribution of Values Reported

Number of Organizations by Employment
Category
(% of Total Orgs. With This Range Type)

% of Employees Above
Normal Maximum:

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- 1% to 5%	<u>2 (8%)</u>	<u>2 (8%)</u>	<u>3 (14%)</u>	<u>1 (5%)</u>	<u> </u>
- 6% to 10%	<u>1 (4%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u> </u>
- 11% to 15%	<u>2 (8%)</u>	<u>3 (12%)</u>	<u>2 (9%)</u>	<u>2 (9%)</u>	<u>1 (25%)</u>
- 16% to 20%	<u>-</u>	<u>1 (4%)</u>	<u>1 (5%)</u>	<u>2 (9%)</u>	<u> </u>
- 21% to 25%	<u>-</u>	<u>1 (4%)</u>	<u>2 (9%)</u>	<u>2 (9%)</u>	<u> </u>
- 26% to 30%	<u>-</u>	<u>-</u>	<u>1 (5%)</u>	<u>-</u>	<u> </u>
- 31% to 35%	<u>1 (4%)</u>	<u>1 (4%)</u>	<u>1 (5%)</u>	<u>-</u>	<u> </u>
- 36% to 40%	<u>1 (4%)</u>	<u>2 (8%)</u>	<u>-</u>	<u>1 (5%)</u>	<u> </u>
- 41% to 45%	<u>3 (12%)</u>	<u>3 (12%)</u>	<u>2 (9%)</u>	<u>-</u>	<u> </u>
- 46% to 50%	<u>1 (4%)</u>	<u>1 (4%)</u>	<u>1 (5%)</u>	<u>3 (14%)</u>	<u> </u>
- 51% to 55%	<u>3 (12%)</u>	<u>2 (8%)</u>	<u>-</u>	<u>-</u>	<u> </u>
- 56% to 60%	<u>3 (12%)</u>	<u>-</u>	<u>-</u>	<u>1 (5%)</u>	<u> </u>
- Unable to Report	<u>9 (35%)</u>	<u>9 (36%)</u>	<u>9 (41%)</u>	<u>10 (45%)</u>	<u>3 (75%)</u>
Total Orgs. Reporting This Range Type	<u>26</u>	<u>25</u>	<u>22</u>	<u>22</u>	<u>4</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Caution should be used in utilizing the data in tabulations A and B above. Many organizations had difficulty responding to this question since records were not kept in a fashion that permitted an easy extraction of the data required by this question. Many responses tabulated were reported to be estimates only.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 7

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

Introduction

Five organizations, representing 15% of the total companies surveyed, reported some employees on this type of salary range. The following definition, which was used in the questionnaire, is included for reference.

These ranges are defined as ones without a defined Normal Maximum rate, but in which the Maximum rate is only attainable by superior or outstanding performers.

Highlights

- Five (15%) of the total organizations surveyed had salary range structures of this type. In all of these organizations the range structures apply to some employees in the organizations' Management, Professional and Technical categories. In three of the organizations this range type also applied to some Office employees.
- In all cases salary ranges overlapped one another. That is, the Maximum rate of a range was generally higher than the Minimum rate of the next higher salary range.
- In all cases the organizations had established a Control Point between the Minimum and the Maximum. In almost all cases that Point was half-way between the Minimum and Maximum values.
- Of the companies able to report the range spread, i.e. the difference between the Minimum and Maximum rates for each salary range, the average spread for Management, Professional and Technical employees was 53%. The average for Office employees was 43%.
- The average percentage differential between salary range Maximum rates was 9% for organizations able to report data on Management, Professional and Technical employees. An insufficient number of organizations reported differentials for data to be published for the Office category.
- No predominant practice was evident in the methods used to compare internal ranges with external market rates. A variety of comparisons were reported.
- All employees subject to these ranges progress through the range on the basis of variable increases dependent on individual performance. In no case did an organization report fixed step rates under this range type.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

Highlights (Concluded)

- Within these salary ranges, the most frequently occurring practice was to provide an employee with an increase every 12 months. In all cases the basis for calculation of the increase within the range was the percent of the employee's former rate of pay. An insufficient number of companies were able to report the size of these in-range increases for the data to be published.
- In determining these in-range increases, all organizations reported that they considered an employee's assessed level of performance and his current position in the salary range. One organization reported that it also considered length of service at the present salary level in determining the size of individual increases.
- Most organizations do not separately identify the range adjustment and the in-range increase to the employees.
- In the majority of organizations reporting this range type, the average or satisfactory performers' rates tended to cluster at the mid points of the ranges.
- Most of the participants were unable to report on the distribution of the employees' actual rates within the ranges. Therefore, no data can be reported on how individual employees' rates tend to be distributed between the Minimum and Maximum values within each range.
- The systems of salary budget control vary widely. The most frequently occurring practice was to provide salary increases on the basis of performance ratings only, without any quotas or budget standards.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

1. Disclosure to Employees

Question: Indicate the items of information about the salary ranges that are disclosed to employees.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
All ranges in all salary schedules	<u>2(40%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
All ranges in the employee's salary schedule	<u>1(20%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>1(33%)</u>	<u>-</u>
The range applicable to the individual employee	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>3(100%)</u>	<u>-</u>
Frequency of salary schedule adjustments	<u>4(80%)</u>	<u>4(80%)</u>	<u>4(80%)</u>	<u>3(100%)</u>	<u>-</u>
Frequency of in-range increases	<u>3(60%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>1(33%)</u>	<u>-</u>
Amount of in-range increases	<u>3(60%)</u>	<u>3(60%)</u>	<u>3(60%)</u>	<u>2(67%)</u>	<u>-</u>
Criteria for granting performance increases	<u>4(80%)</u>	<u>3(60%)</u>	<u>3(60%)</u>	<u>2(67%)</u>	<u>-</u>
Practices followed in determining salary rates on promotion and transfer	<u>3(60%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>1(33%)</u>	<u>-</u>
No disclosure other than employee's personal rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u> (100%)	<u>5</u> (100%)	<u>5</u> (100%)	<u>3</u> (100%)	<u>-</u>

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

1. Disclosure to Employees (Concluded)

One organization, reporting this range type applying to its Management, Professional and Technical employees, is shown above beside the response "All ranges in all salary schedules" because it indicated a policy of very extensive disclosure of information to its employees. One organization, also shown above beside that response, indicated that its Management employees had a knowledge of ranges in all salary schedules at and below the level of the employee. It also indicated that these Management employees were provided with information about the salary ranges one level higher than their own.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

2. Disclosure Practices

Question: Do disclosure practices vary between unionized and non-union employees? Please describe any differences.

Responses: No differences in disclosure were reported.

3. Range Overlap

Question: Is the Minimum rate of a range generally higher than, equal to or lower than the Merit Maximum rate of the next lower range?

Responses:

Number of Organizations by Employment Category					
(% of Total Orgs. With This Range Type)					
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Higher than	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equal to	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lower than	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>3(100%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

4. Position of Control Point

Question: Where a Control Point is identified, indicate the most frequently occurring position of the Control Point in the salary ranges. Respondents were asked to report the "percentile" position of the Control Point.

The following definitions were given in the questionnaire:

- A "percentile" means 1% of the difference between the Minimum rate and the Maximum Rate of a salary range. Thus, the "60th percentile" is 60% of the way up the range from the Minimum. The 50th percentile is the mid point between the Minimum and Maximum.
- A "Control Point" is a rate in a salary range between the Minimum and the Merit Maximum upon which the range is constructed and upon which range adjustments are based.

Responses:

		Number of Organizations by Employment Category				
		(% of Total Orgs. With This Range Type)				
		<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
50 th	percentile	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>2(67%)</u>	<u>-</u>
60 th	percentile	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(33%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type		<u>5</u> (100%)	<u>5</u> (100%)	<u>5</u> (100%)	<u>3</u> (100%)	<u>-</u>

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

5. Range Spread

Question: Indicate the % spread between the Minimum and Merit Maximum rates (Merit Maximum rate over Minimum rate) of each individual salary range.

Responses:

Simple Average of Reported Values

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Average %	<u>53%</u>	<u>53%</u>	<u>53%</u>	<u>43%</u>	<u>-</u>
Highest %	<u>53%</u>	<u>53%</u>	<u>53%</u>	<u>*</u>	<u>-</u>
Lowest %	<u>53%</u>	<u>53%</u>	<u>53%</u>	<u>*</u>	<u>-</u>

* An insufficient number of Organizations were able to report highest and lowest spreads for data to be published.

One of the organizations reporting under this question indicated that it was only providing examples of the range spread. However, we assumed that the range spreads reported in the examples were typical of range structures of other levels in the same employment category, and the values from the examples provided were included in the calculation of the Average spreads for the Management, Professional and Technical categories. But they were not included in calculating the averages of the Highest and Lowest percentage spreads.

Four (80%) of the five organizations with this range type reported constant percentage spreads for all their ranges of this type for their Management, Professional and Technical employees. The most frequently reported spread from Minimum to Merit Maximum was 50%.

The simple average values for the Average, Highest and Lowest range spreads are the same within each of the first three employment categories in the above tabulation because of the influence of the four companies with constant spreads for all ranges.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

6 A. Range Differentials at Maximum Rates

Question: Indicate the % spread between the range maxima (Merit Maximum rate of each range over Merit Maximum rate of next lower range).

Responses:

Simple Average of Reported Values

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Average %	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>*</u>	<u>-</u>
Highest %	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>*</u>	<u>-</u>
Lowest %	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>*</u>	<u>-</u>

* An insufficient number of organizations were able to report differentials for data to be published.

Only four organizations were able to report average differentials between salary ranges. All indicated the range differentials were the same between all salary ranges of this type.

Only two of the organizations, having this range type for Office employees, reported information. Due to normal confidentiality constraints no average values can be published where less than three organizations report.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

6 B. Range Differentials at Control Points

Question: Where a separate Control Point is identified, indicate the % spread between the range Control Points (Control Point of each range over Control Point of the next lower range).

Responses:

Simple Average Values Reported

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Average %	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>*</u>	<u>-</u>
Highest %	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>*</u>	<u>-</u>
Lowest %	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>*</u>	<u>-</u>

* An insufficient number of organizations were able to report differentials for data to be published.

The same organizations reported differentials between Control Points. Therefore, the results shown in the tabulation above are exactly the same as those present in the responses to question 6A.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

7. Range Construction

Question: Respondents were asked to describe the normal method they use to construct salary ranges.

Responses:

Although a variety of practices applied in the responding companies, in general the control point was used as the construction point for each salary range. Most frequently companies identified that point as 100% and the Minimum and Merit Maximum as percentages of that value.

The most frequently reported values used were 80% of the Control Point for the Minimum rates and 120% of the Control Point for the Merit Maximum rates.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

8. External Comparisons

Question: Using the following table as a reference, indicate the relationship your company primarily uses in comparing its salaries to external market rates.

Company	External Rates	
A Company Reference Point	B Measure of Market Rates Used	C Market Reference Point
1. Minimum Rates of Ranges	1. First Quartile	1. Minimum Rates of Outside Ranges
2. Median of Rates Actually Paid	2. Median	2. Rates Actually Paid
3. Mean of Rates Actually Paid	3. Mean	3. Normal Maximum Rates of Outside Ranges
4. Mid points of Ranges	4. Third Quartile	4. Merit Maximum Rates of Outside Ranges
5. Maximum Rates of Ranges	5. Other (specify)	5. Other (specify)
6. Other (specify)		

Responses:

A wide variety of responses was received to this question. To reflect the reported practices we have reported the results in two ways.

Tabulations A, B and C which follow show the results on the basis of the frequency with which the survey organizations reported they used particular internal and external reference points. However, we also felt it was important to identify the full pattern of internal-external comparison for users of this report. Therefore, the D tabulation shows responding companies according to the full process of how they make their comparisons.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

8. External Comparisons (Continued)

A. Company Reference Point

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. Minimum Rates of Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2. Median of Rates Actually Paid	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>-</u>	<u>-</u>
3. Mean of Rates Actually Paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4. Mid points of Ranges	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(67%)</u>	<u>-</u>
5. Maximum Rates of Ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Unable to Report	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

8. External Comparisons (Continued)

B. Measure of Market Rates Used

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. First Quartile	-	-	-	-	-
2. Median	-	-	-	-	-
3. Mean	2(40%)	2(40%)	2(40%)	1(33%)	-
4. Third Quartile	1(20%)	1(20%)	1(20%)	-	-
5. Other	-	-	-	-	-
6. Unable to Report	2(40%)	2(40%)	2(40%)	2(67%)	-
Total Orgs. Reporting This Range Type	5	5	5	3	-
	(100%)	(100%)	(100%)	(100%)	

C. Market Reference Point

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1. Minimum Rates of Outside Ranges	-	-	-	-	-
2. Rates Actually Paid	3(60%)	3(60%)	3(60%)	1(33%)	-
3. Normal Maximum Rates of Outside Ranges	-	-	-	-	-
4. Merit Maximum Rates of Outside Ranges	-	-	-	-	-
5. Other	-	-	-	-	-
6. Unable to Report	2(40%)	2(40%)	2(40%)	2(67%)	-
Total Orgs. Reporting This Range Type	5	5	5	3	-
	(100%)	(100%)	(100%)	(100%)	

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

8. External Comparisons (Continued)

D. Full Comparison Process Used

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
1. The company compares the median of rates actually paid its employees to the third quartile of rates actually paid in the market.	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
2. The company compares the median of rates actually paid its employees to the mean of rates actually paid in the market.	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
3. The company compares the mid points of its ranges to the mean of rates actually paid in the market.	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
4. Unable to Report	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(67%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

One organization reporting employees on this range type in the Management, Professional, Technical and Office categories, was unable to respond to this question. It indicated that there was no formal policy which set a desired relationship with comparable positions in the general market. Its policy was to match the pay ranges which applied in its parent company.

The second organization that was unable to provide responses under this question for the same four employment categories indicated that it examined all of the measures of the external market rates that were shown in the question. While the internal point for comparisons was the mid point of its salary ranges, it found that in the surveys of other companies which it

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

8. External Comparisons (Concluded)

conducted that some companies were able to provide average rates while others could only provide ranges for comparable classes. Basically the company stated that it made comparisons with whatever values it could get from its survey respondents.

9. Progression Through Ranges

Question: Indicate how employees progress through their salary ranges.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Fixed step rates granted one or more at a time depending on individual performance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Variable increases based on individual performance	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>3(100%)</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u> (100%)	<u>5</u> (100%)	<u>5</u> (100%)	<u>3</u> (100%)	<u>-</u>

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

10. Fixed Steps

Question: Where fixed step rates apply, survey participants were asked to report on the frequency of in-range increases, how the value of the step were determined and what was the size of the increases between step rates for satisfactory performance.

Responses: No organizations reported using a system of fixed steps for employee progression in ranges of this type.

11. Variable Progression Through Range

A. Frequency of In-Range Increases

Question: Where progression through the salary range is by variable increases dependent on the employee's performance, indicate the frequency in-range increases are generally granted.

Responses:

Number of Organizations by Employment
Category

(% of Total Orgs. With This Range Type)

Number of Months Between Increases:	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
- 6 months	-	-	1(20%)	1(33%)	-
- 12 months	5(100%)	4(80%)	3(60%)	1(33%)	-
- 12 to 18 months	-	1(20%)	1(20%)	1(33%)	-
Total Orgs. Reporting This Range Type	5	5	5	3	-
	(100%)	(100%)	(100%)	(100%)	

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

11. Variable Progression Through Range (Continued)

B. Basis for Increase Calculations

Question: Indicate how the value of the in-range increases for varying levels of performance is established.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
% of Merit Maximum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of Minimum rate of range	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
% of employee's current (former) rate	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>3(100%)</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

11. Variable Progression Through Range (Continued)

C. Size of Increases

Question: Indicate the % increase for the highest level of performance, the lowest level of performance and an average or satisfactory level of performance.

Responses:

An insufficient number of organizations were able to report values for the data to be published. Normal confidentiality constraints require that at least three organizations report for average values to be published. Under this question only two of the five organizations were able to report the required values.

One company indicated that it was unable to separate the economic or range adjustment from the in-range increase. Another indicated that no fixed percentages apply and that these values are determined each year. A third company indicated that the information was not available because each of its departments could award different percent increases for the same rated performance. Different dollar amounts were available to its department for salary purposes.

One of the two companies that were able to report data indicated that the various performance levels identified in the questionnaire (highest, lowest and average or satisfactory) did not have specific fixed percentages applying to them. In each case there was a range of percentages, each range having two or three percentages, which could be awarded for highest, lowest or average performance.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

11. Variable Progression Through Range (Concluded)

D. Factors Determining Increase Size

Question: Indicate the factors considered in determining the amount of the employee's individual increase.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Factors Considered:					
Assessed level of performance	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>3(100%)</u>	<u>-</u>
Length of service at present salary level	<u>-</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
Position of employee's salary in the salary range	<u>5(100%)</u>	<u>5(100%)</u>	<u>5(100%)</u>	<u>3(100%)</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u> (100%)	<u>5</u> (100%)	<u>5</u> (100%)	<u>3</u> (100%)	<u>-</u>

MINIMUM TO MERIT MAXIMUM SALARY STUDIES

12. Range Adjustments and In-Range Increases

Question: Are the range adjustments and the employees' in-range increases separately identified to the employees?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Separately identified	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
Blended increases	<u>4(80%)</u>	<u>4(80%)</u>	<u>4(80%)</u>	<u>2(67%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u> (100%)	<u>5</u> (100%)	<u>5</u> (100%)	<u>3</u> (100%)	<u>-</u>

MINIMUM TO MERIT MAXIMUM SALARY STUDIES

13. Increase Timing

Question: Where range adjustments and in-range increases are granted on the same date, indicate when the increase is granted.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
The same increase date applies to all employees	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>1(33%)</u>	<u>-</u>
The employee's increase applies on his anniversary date	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
Another practice applies	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

The one organization that reported "Another practice" indicated that employees receive their increases in one of three specified months in each year.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

14. Increase Timing

Question: Where range adjustments and in-range increases are granted on different dates, indicate when the increases are granted.

Responses:

		Number of Organizations by Employment Category				
		(% of Total Orgs. With This Range Type)				
		<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
A. The Range Adjustment is granted:						
- on the same date for all employees		<u>1 (20%)</u>	<u>1 (20%)</u>	<u>1 (20%)</u>	<u>1 (33%)</u>	<u>-</u>
- on the employee's anniversary date		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- another practice applies		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type		<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
		(100%)	(100%)	(100%)	(100%)	
B. The In-Range Increase is granted:						
- on the same date for all employees		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- on the employee's anniversary date		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- another practice applies		<u>1 (20%)</u>	<u>1 (20%)</u>	<u>1 (20%)</u>	<u>1 (33%)</u>	<u>-</u>
Total Orgs. Reporting This Range Type		<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
		(100%)	(100%)	(100%)	(100%)	

This organization reported that its in-range increases are granted on dates that are individually determined for each employee.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

15. Distribution Within Ranges

Question: Indicate the point in the salary ranges at which the pay of satisfactory performing employees tends to cluster.

The following definition was given in the questionnaire:

- A "percentile" means 1% of the difference between the Minimum rate and the Maximum Rate of a salary range. Thus, the "60th percentile" is 60% of the way up the range from the Minimum. The 50th percentile is the mid point between the Minimum and Maximum.

Responses:

Number of Organizations by Employment
Category

(% of Total Orgs. With This Range Type)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
40 th percentile	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
50 th percentile	<u>3(60%)</u>	<u>3(60%)</u>	<u>3(60%)</u>	<u>1(33%)</u>	<u>-</u>
60 th percentile	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
75 th percentile	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(33%)</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

One company, reporting employees in the Management, Professional, Technical and Office categories, stated that satisfactory performing employees cluster "up to the 50th percentile", indicating that the centre of the cluster would be somewhat below the 50th percentile.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

16. Distribution Within Ranges

Question: Respondents were asked to show the distribution of employees by their actual rates of pay within the salary ranges. They were asked to indicate the percentage of total employees that were paid within certain percentile intervals, or "bands", within the ranges.

Responses:

Only two participants were able to report the data requested. Due to confidentiality constraints, we are unable to publish averages where less than three organizations report such values.

One of the organizations that was unable to report because of a lack of data indicated that generally the distribution of employees within these ranges was a "normal distribution". This would indicate that the largest numbers of employees would be concentrated towards the middle sections of the ranges with smaller numbers being at the low and high extremes of the ranges.

To provide users with some general information, the two organizations that were able to report such employee distributions indicated that more than 60% of their employees in each case were between the 40th and 59th percentiles of the salary ranges.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

17. Salary Budget Control

Question: Indicate what control system is used to administer salaries in the range.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Range Type)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
No formal control system	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(33%)</u>	<u>-</u>
Performance ratings only	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(40%)</u>	<u>2(67%)</u>	<u>-</u>
Performance rating quotas	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
Selected Control Point Budget standard (i.e. Control Point X number of employees = salary budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other control system	<u>1(20%)</u>	<u>1(20%)</u>	<u>1(20%)</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Range Type	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

One organization, reporting "Performance ratings only" for Management, Professional, Technical and Office employees, indicated that fixed percentages for levels of performance were established for the total organization, which included both itself and its parent company. Once these were determined, individual performance assessments was the only factor that determined the total increases granted.

The organization that indicated its Management, Professional and Technical employee's increases were limited by "Performance rating quotas", indicated that there were guidelines established for the percentages of the total population that would be average, above average, superior and below average.

The organization that reported an "Other" salary budget control system stated that a calculation is made on the basis of an established percentage of payroll. The company also looks at the salary distribution of employees in the group to determine the control values.

MINIMUM TO MERIT MAXIMUM SALARY STRUCTURES

18. Salary Budget Control

Question: Does the salary budget control system vary between unionized and non-union groups of employees?

Responses:

No unionized employees were covered by this salary range type in any of the organizations responding.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 8

BASIC RANGE + PERFORMANCE BONUS SYSTEM

Introduction

This pay system was defined in the questionnaire as one having a salary range or a Single Rates System, as a base, in addition to which employees may receive a separate bonus for superior or outstanding individual performance. Respondents were instructed to exclude profit sharing plans, stock purchase plans, savings plans, etc., unless benefits from such plans are distributed on the basis of individual employee performance.

Seven organizations, representing 21% of the total 34 companies responding to the survey, indicated that they had some employees entitled to performance bonuses in addition to basic salary ranges. These companies also completed the information on the basic type of salary range applying in each case and their information is included in the data reported in Sections 5, 6 or 7 of this report. The responses to question 1 indicate the distribution of the basic types of salary ranges that were embodied in these basic ranges + performance bonus systems.

Highlights

- Of the participating organizations, 21% reported that some of their employees were on a system which embraced both a basic salary range and an additional performance bonus paid when individual employee performance was superior or outstanding.
- The most frequently occurring basic type of salary range where this pay system applied was the Minimum - Normal Maximum - Merit Maximum type. In each of the four employment categories with some employees on this pay system, more than 70% of the organizations having this type of pay system reported that some of the employees entitled to the performance bonus had this type of basic salary range.
- Few companies were able to provide amounts of the bonus expressed as percentages of basic pay. Three organizations were able to report percentage values that would be paid for the highest level of performance. The average of these three values is 15% for the Management and Professional employees who achieved that level of performance. Four organizations reported the lowest level of performance that merited increase. The average of these four percentage values is 7.5%. These also applied only to Management and Professional category employees who achieved the required level of performance. Less than three organizations were able to report percentage values for the average or satisfactory performance level and for all performance levels for those Technical and Office employees entitled to the performance bonus. Due to confidentiality constraints the Bureau cannot publish this information.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

Highlights (Concluded)

- Survey respondents indicated a variety of practices with respect to bonus timing. In many cases the bonuses are paid at the end of a fiscal year, and in some cases can be split into more than one payment, part of it being paid in the following company fiscal year.
- The performance bonuses often do not count as part of salary for any employee benefit. Where they do count, it is most common for them to be considered part of salary for pension purposes only.
- In almost all cases these performance bonuses are paid to employees in a single sum.
- Companies reported a variety of practices in budget control of the monies paid under these performance bonus systems. There was no predominant budget mechanism used.
- In all cases, the performance bonus systems did not apply to unionized employees in the organizations reporting.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

1. Basic Range Type

Question: Indicate the basic type of range system applying to employees, i.e. aside from the Performance Bonus component.

Responses:

	Number of Organizations by Employment Category (% of Total Orgs. With This Pay System)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
A. Minimum - Normal Maximum Type	<u>2(29%)</u>	<u>2(33%)</u>	<u>1(33%)</u>	<u>-</u>	<u>-</u>
B. Minimum - Normal Maximum - Merit Maximum Type	<u>5(71%)</u>	<u>5(83%)</u>	<u>3(100%)</u>	<u>1(100%)</u>	<u>-</u>
C. Minimum - Merit Maximum Type	<u>1(14%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D. Other <u>formal</u> type of salary ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
E. No salary ranges - single rates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
F. No <u>formal</u> salary ranges used - rates set on individual basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
G. Other system	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u> (100%)	<u>6</u> (100%)	<u>3</u> (100%)	<u>1</u> (100%)	<u>-</u>

One organization, reporting employees in the Management, Professional and Technical categories indicated that the employees entitled to receive the performance bonuses were partly covered by ranges of the Minimum - Normal Maximum type and partly by Minimum - Normal Maximum - Merit Maximum type ranges. Most of the employees eligible under the performance bonus system in that organization were covered by the Minimum - Normal Maximum type of range. Therefore, in the above tabulation, that organization is counted twice for those three categories.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

2. Eligibility for Bonus

Question: Describe which employees are eligible to receive the Performance Bonus (e.g. levels, place in ranges, groups, types and numbers eligible).

Responses:

The responses provided by the participating companies were so varied that no tabulation of results is possible. The following describes the eligibility as reported by each of the companies. The first company reported that its Professional and Technical employees and the first two levels of its Management schedules are eligible, but, for those classes, the employees must first reach the maximum of the basic salary ranges. Its middle and senior managers are eligible regardless of their position in the basic range. To be eligible, all employees must be superior performers. The performance bonuses are authorized by the executive management of a division, which usually means by a Vice-President.

The second company indicated that all salaried employees, other than unionized employees, were eligible for the performance bonus. This embraced all of the employees that the company reported in its Management, Professional, Technical and Office categories except for those Office employees who were covered by collective agreements.

The third company reported that its Management and Professional employees were eligible where there was exceptional performance. It also noted that a maximum of 15% of the total employee population was eligible to receive the bonus. The fourth and fifth organizations indicated that all Management and Professional employees were eligible to receive the performance bonus providing their performance was outstanding.

The sixth company indicated that Management personnel from a certain salary grade and above were eligible to receive the performance bonus.

The seventh organization reported that only selected Managers who had "profit centre accountability" were entitled to the performance bonus payments. In that company the bonus pay-out is related to the achievement of established financial objectives.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

3. Calculation of Bonus

Question: Indicate how the value of the Performance Bonus is calculated.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting This Pay System)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
% of employee's basic salary	<u>2(29%)</u>	<u>2(33%)</u>	<u>1(33%)</u>	<u>1(100%)</u>	<u>-</u>
% of Maximum of salary range	<u>1(14%)</u>	<u>1(17%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other method	<u>4(57%)</u>	<u>3(50%)</u>	<u>2(67%)</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u>	<u>6</u>	<u>3</u>	<u>1</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

In several instances, the bonus calculation information reported indicated that the system for determining the amount of the bonus was relatively complex. One company, reporting eligible employees in the Management, Professional and Technical categories, indicated that the potential or maximum bonus was related to the "evaluated worth" of the position. The actual pay-out was related to the achievement of specific financial objectives.

Another company, reporting only some of its Management employees eligible for the performance bonus, indicated that the fund for the bonus had two components. First, a "formula fund" is determined by the employees' actual salary, salary grade and the number of months of eligibility. Second, an "incentive fund" equal to the generated formula amount may be granted. However, the incentive component is awarded on a discretionary basis - determined by each individual's performance and potential.

A third company, reporting Management and Professional employees eligible for the bonus, indicated that there were no fixed limits other than those set by overall salary budget limitations. That is, total company-wide salary increases had to remain within the allocated budget.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

3. Calculation of Bonus (Concluded)

Another company reporting employees in the Management, Professional and Technical categories as eligible for performance bonus indicated that a system of fixed dollar amounts applied. These fixed amounts were determined in advance. As an example, it indicated that for superior performance the first level of Management might receive \$750, while the second level of Management might potentially receive \$1000. A higher amount would apply to Managers at more senior levels.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

4. Amount of Bonus

Question: Indicate the Performance Bonus, as a % of basic salary, that an employee would receive for the highest, lowest and an average level of performance.

Responses:

	Mean Percentages of Basic Salary Reported				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
The highest level of performance	<u>15%</u>	<u>15%</u>	<u>*</u>	<u>-</u>	<u>-</u>
The lowest level of performance that merits an increase	<u>7.5%</u>	<u>7.5%</u>	<u>*</u>	<u>*</u>	<u>-</u>
An average or satisfactory performance level	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>-</u>

* Data cannot be published because less than three organizations reported values.

Companies experienced great difficulty in providing the information requested. Few were able to express the bonus as a percent of basic salary as required by this question. The values shown for the highest level of performance under the Management and Professional category are the averages calculated from the values provided by only three of the seven participants. The values shown for the "lowest level of performance that merits an increase" are calculated on the basis of values provided by four companies for their Management and Professional employees.

Due to normal confidentiality constraints, the Bureau cannot provide values where less than three organizations provided information.

One of the companies that was unable to provide percentage information indicated that the bonus was paid in fixed dollar amounts which were determined in advance and varied for the level of the employee entitled to bonus payments.

One company, counted in the tabulation above, was able to report the percentage of basic salary an employee would receive for the "lowest level of performance that merits an increase". However, it was unable to provide any averages or any maximum bonus that would be payable.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

4. Amount of Bonus (Concluded)

One organization, able to provide the percentage values required and counted in the tabulation above, reported a standard percentage which was expressed on the basis of the maximum of the salary range, rather than the maximum of the employees' basic salary. Its size did not vary for a higher or lower level of performance. Once it was established that an employee's performance was "exceptional", that standard percentage of his salary range maximum was paid. The percentage value was taken into account in the above tabulations even though it was not a percentage of "basic salary". Users of the values in the above tabulation should bear this in mind.

One company was unable to report under this question because its bonus policy had no fixed limits.

Another company had a detailed method of calculating bonus size, with the final values being discretionary as determined by the employee's performance and potential. Thus it was unable to report any values under this question.

One company, counted in the above tabulation as having reported a "lowest" and "highest", could only report that the percentage would vary, depending on classification level, between the two percentage values reported and used in our calculations. It was unable to provide information on average percentage bonus.

Only one organization was able to provide all three values for its bonus system. In that case the system applied to employees in the Management, Professional and Technical categories.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

5. In-Range Increases and Bonuses

Question: Are the in-range increases and the employee's Performance Bonuses separately identified to the employee?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Pay System)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Yes - separately identified	<u>7(100%)</u>	<u>6(100%)</u>	<u>3(100%)</u>	<u>1(100%)</u>	<u>-</u>
No - blended increases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u> (100%)	<u>6</u> (100%)	<u>3</u> (100%)	<u>1</u> (100%)	<u>-</u>

BASIC RANGE + PERFORMANCE BONUS SYSTEM

6. Bonus Timing

Question: Where in-range increases and Performance Bonuses are granted on the same date, indicate when the increase is granted.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Pay System)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
The same increase date applies to all employees	<u>2(29%)</u>	<u>2(33%)</u>	<u>1(33%)</u>	<u>-</u>	<u>-</u>
The employee's increase applies on his anniversary date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Another practice applies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u>	<u>6</u>	<u>3</u>	<u>1</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

Questions 6 and 7 should be looked at together. Under question 6 respondents were asked to report in cases where the in-range increases were granted on the same date as the performance bonuses. Under question 7 they were asked for the practices where the in-range and the performance bonuses were granted on different dates.

Under question 6 all respondents indicated that it was their practice to provide in-range and performance bonuses on the same date and that the same increase date in such cases applied to all employees.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

7. Bonus Timing

Question: Where in-range and Performance Bonuses are granted on different dates, indicate when the bonus is granted.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Pay System)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Bonus granted on the same date for all employees	<u>3(43%)</u>	<u>2(33%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bonus granted on the employee's anniversary date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Another practice applies	<u>2(29%)</u>	<u>2(33%)</u>	<u>2(67%)</u>	<u>1(100%)</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u>	<u>6</u>	<u>3</u>	<u>1</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

Note that questions 6 and 7 should be examined together. Under question 7 companies indicated that their practice was to grant the in-range increases and the performance bonuses on different dates.

Only two organizations indicated that "another practice" applied. The first of these reported that reviews for the purpose of determining performance bonus eligibility were held semi-annually in May and October.

The other organization indicated that performance bonuses may be given at any time. It gave the example of an employee who, 9 months into the salary year, had been performing in a clearly superior manner and the division had money remaining in its salary budget. In such a case, a performance bonus could be awarded. In another case, where an employee is working on a project that will not be completed until the next salary year, the granting of a performance bonus can be delayed until the project's completion.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

8. Bonus Forming Part of Salary

Question: Indicate for which benefits, if any, the Bonus forms part of basic salary.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Pay System)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Pension	<u>3(43%)</u>	<u>3(50%)</u>	<u>2(67%)</u>	<u>-</u>	<u>-</u>
Group life insurance	<u>1(14%)</u>	<u>1(17%)</u>	<u>1(33%)</u>	<u>-</u>	<u>-</u>
Long-term disability insurance	<u>1(14%)</u>	<u>1(17%)</u>	<u>1(33%)</u>	<u>-</u>	<u>-</u>
Other Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Not part of salary for any benefits	<u>4(57%)</u>	<u>3(50%)</u>	<u>1(33%)</u>	<u>1(100%)</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u>	<u>6</u>	<u>3</u>	<u>1</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

In about half of the organizations, the bonus does not form part of an employee's basic salary for the calculation of any other benefits. Where it does count as salary for any benefit, it is usually for pension purposes. Only one organization indicated that the bonus forms part of an employee's basic salary for the purpose of group life insurance and long-term disability insurance.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

9. Method of Payment

Question: Indicate how the Performance Bonus is paid.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. With This Pay System)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Single lump sum	<u>6(86%)</u>	<u>6(100%)</u>	<u>3(100%)</u>	<u>1(100%)</u>	<u>-</u>
Payments spread over 12-month period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payment may be deferred to a future year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Method varies at employee's option	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other method	<u>1(14%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u> (100%)	<u>6</u> (100%)	<u>3</u> (100%)	<u>1</u> (100%)	<u>-</u>

Only one organization indicated that the performance bonus was not paid in a single lump sum. That company reported a practice in which an award of \$10,500 or less was paid in the April following the "award year" (the calendar year). An award of \$10,000 to \$19,999 was split into two parts with \$10,000 paid in the April following the award year and the balance in January of the following year. If the award was over \$20,000 it was paid in two equal instalments, one in April following the award year and the second part in the following January.

BASIC RANGE + PERFORMANCE BONUS SYSTEM

10. Bonus Budget Control

Question: Indicate what control system is used to administer the Performance Bonus system.

Responses:

	Number of Organizations of Employment Category				
	(% of Total Orgs. With This Pay System)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
No formal control system	<u>1(14%)</u>	<u>1(17%)</u>	<u>1(33%)</u>	<u>1(100%)</u>	<u>-</u>
Performance ratings only	<u>2(29%)</u>	<u>2(33%)</u>	<u>1(33%)</u>	<u>-</u>	<u>-</u>
Performance rating quotas	<u>1(14%)</u>	<u>1(17%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Selected Control Point as budget standard (i.e. Control Point X number of employees = Bonus budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Normal Maximum as budget standard	<u>1(14%)</u>	<u>1(17%)</u>	<u>1(33%)</u>	<u>-</u>	<u>-</u>
Merit Maximum as budget standard	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	<u>3(43%)</u>	<u>2(33%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting This Pay System	<u>7</u>	<u>6</u>	<u>3</u>	<u>1</u>	<u>-</u>
	(100%)	(100%)	(100%)	(100%)	

A variety of budget control systems, including one organization that had no budget control, applied in the organizations reporting these pay systems. No single bonus budget control system predominated.

One organization, that reported an "Other" type of control, had a detailed calculation method to determine the amount of the performance bonus. However, even the calculated entitlement could be varied on a discretionary basis determined by an individual's performance and potential. This organization reported only Management employees eligible for the bonus.

BASIC RANGE + PERFORMANCE SYSTEM

10. Bonus Budget Control (Concluded)

Another company reported that the budget control system was the limits of the total salary budget. In this case the total budget allocation for salary increases could not be exceeded, regardless of how the money was paid. That is, amounts not paid in regular salary increases would be available for the performance bonus budget.

The other organization, reporting that the performance bonus system applied to employees in its Management and Professional categories, indicated that a control percentage of payroll value was used.

11. Salary and Bonus Budgets

Question: Indicate if the salary and Performance Bonus budget control systems vary between unionized and non-union groups of employees.

Responses: The performance bonus plans did not apply to unionized employees in any of the organizations responding.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 9

GEOGRAPHIC PAY DIFFERENTIALS

Introduction

The objective of this section of the questionnaire was to obtain information on organizations' practices in setting compensation rates for employees working at different locations in Canada. Provision was made for companies to report when they paid different rates for the same jobs at different geographic locations, as well as when they applied company-wide pay scales for individual classification levels in a different manner dependent on the employee's work location. When participants reported different rates by location, additional information was sought during follow-up telephone calls on the methodologies used to establish these differentials. A description of the methodologies is presented beginning on page 192.

Highlights

- Sixty-five percent of the organizations surveyed had provision to pay some classes of employees different rates of pay at different locations across Canada. Such practices were most prevalent in classes comparing to the Office and Non-Office categories as defined in the questionnaire. However, there were also a significant number of organizations paying different geographic rates for employees comparing to the Technical category. Most organizations had company-wide or national pay scales for employees in the Management and Professional categories.
- Responding companies experienced great difficulty in reporting the number of employees paid different rates by location and the size of the pay differentials between locations. The information on these items in this report should be used with some caution.
- Where geographic pay differentials were reported, organizations were heavily influenced in setting these differentials by data reported in surveys. This included both surveys conducted by the organizations themselves and by other survey organizations.
- Where company-wide pay scales applied, most companies made no provision for any different treatment within those scales for employees at different geographic work locations.
- In responding to the questions on transfers, the majority of organizations reporting employees on company-wide pay scales indicated that pay increases were received on the majority of transfers. Where employees were paid on a system of geographic pay differentials the largest number of organizations reported that there were rarely any employee transfers for these classes.

GEOGRAPHIC PAY DIFFERENTIALS

Highlights (Concluded)

- There was no single predominant methodology followed in establishing the geographic pay differentials. The most frequent practice was the establishment of a baseline rate for some of the companies' locations, with a differential paid for the same classes of employees at other specified locations above or below the baseline rate. These differentials depend on community pay rates and costs of living.

GEOGRAPHIC PAY DIFFERENTIALS

1. Different Rates by Location

Question: Indicate where different rates or ranges apply in different geographic locations.

Note: Respondents were instructed to include cases where basic company-wide or Canada-wide pay rates or ranges are supplemented by additional pay rates in certain areas, which may or may not be part of employees' basic pay. They were told to exclude additional pay for work at remote or isolated locations.

Responses:

	Numbers of Organizations by Employment Category				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Number Reporting Geographic Differentials	<u>8</u>	<u>7</u>	<u>13</u>	<u>20</u>	<u>20</u>
% of Total Organizations Reporting by Category	<u>24%</u>	<u>21%</u>	<u>42%</u>	<u>59%</u>	<u>65%</u>

Of the 34 organizations responding in the survey, 22 (65%) reported that some of their employees were paid different rates for the same jobs at one or more of their work locations. Only one company reported that all of its employees were at one work location.

One company reported company-wide pay scales at this time, but that it was considering paying higher rates at a new establishment to be opened in 1981.

One firm reported higher rates for Management and Professional employees at one of its work locations which may originally have been based on a northern or isolated allowance principle. However, at present the differential for employees at that one work location continues, and the organization is treated under this questionnaire as having a geographic pay differential.

GEOGRAPHIC PAY DIFFERENTIALS

2. Number of Employees Affected

Question: Indicate the number of employees to whom the different rates by location apply.

Responses: Users of the data reported under this question are cautioned that the Bureau experienced considerable difficulty in obtaining information on numbers of employees affected by geographic differentials. The information reported below is based on what was available from the reporting companies. Many organizations stated they were reporting rough estimates only.

A. Total Employees Paid Different Rates by Location

	<u>All Employment Categories</u>
Number of Employees Paid on Geographic Pay Differential Systems*	158,402
Total Employment of Organi- zations <u>With Some Employees</u> on Geographic Pay Differential Systems*	234,744
% on Geographic Pay Systems	67.5%

B. Proportion of Employees on Geographic Pay Differentials

<u>% of Total Organization's Employment on Geographic Differential Systems</u>	<u>Number of Organizations*</u>
0 - 19%	5
20% - 39%	-
40% - 59%	2
60% - 79%	6
80% - 100%	6
Total	<u>19</u>

* Limited to the 19 organizations able to report numbers of employees paid different rates by location.

GEOGRAPHIC PAY DIFFERENTIALS

2. Number of Employees Affected (Concluded)

As was mentioned in Section 1 of this report many companies responding to this survey experienced difficulty in providing a breakdown of their employment in terms of the five categories identified in this questionnaire. As a result, it is considered impossible to report on the numbers of employees on geographic differentials by occupational category.

Instead we have adopted the approach of comparing the number of employees on different rates by location with the total employment of the companies that were able to report numbers under this question. Only 19 of the 22 companies with some employees on geographic pay differentials were able to report numbers affected. Tabulations A and B on page 178 represent two ways of presenting the available data.

Although the Bureau would classify the responses to this question as informative, we would caution data users that they should not interpret the results shown above as precise measurements. This is one of the cases, mentioned in Section 1, where we are trying to make available the maximum of potentially useful detail consistent with protecting the confidentiality of individual returns.

As one example of the difficulty in interpreting the responses to this question, where a company paid only one or two locations different rates from those applying to other company locations, only the numbers of employees at those locations were reported as being on "different" rates. In other cases where employees at many locations were on different rates, the number of employees in the whole category was reported as being paid varying rates. It can be argued that either of these types of responses answers the question most correctly.

GEOGRAPHIC PAY DIFFERENTIALS

3. Size of Differentials

Question: Describe the magnitude of the pay differentials between the various geographic locations.

Responses:

<u>Maximum Size of Differentials*</u>			Numbers of Organizations by Employment Category				
			(% of Total Orgs. Reporting Different Rates by Location)				
			<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
0	-	5%	<u>2(25%)</u>	<u>2(29%)</u>	<u>2(15%)</u>	<u>3(15%)</u>	<u>2(10%)</u>
6%	-	10%	<u>4(50%)</u>	<u>4(57%)</u>	<u>3(23%)</u>	<u>7(35%)</u>	<u>4(20%)</u>
11%	-	15%	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>
16%	-	20%	<u>-</u>	<u>-</u>	<u>1(8%)</u>	<u>1(5%)</u>	<u>-</u>
21%	-	25%	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
26%	-	30%	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>2(10%)</u>
\$ amounts only reported			<u>1(13%)</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>-</u>
Could not report magnitude			<u>1(13%)</u>	<u>1(14%)</u>	<u>7(54%)</u>	<u>7(35%)</u>	<u>11(55%)</u>
Total Orgs. Reporting Different Rates by Location			<u>8</u> (100%)	<u>7</u> (100%)	<u>13</u> (100%)	<u>20</u> (100%)	<u>20</u> (100%)

*Maximum spread between lowest and highest rates for same level.

Many of the survey respondents did not have information on the size of the differentials from lowest to highest rates on a company-wide basis. This was particularly the case where the rate differentials were due to negotiations with separate bargaining units at different locations across Canada. Users of this information are cautioned that a number of companies provided what were indicated to be rough estimates of the size of the differentials.

GEOGRAPHIC PAY DIFFERENTIALS

4. Reasons for Differentials

Question: Indicate the reasons for variable geographic rates.

Responses: Most organizations reported that more than one factor was considered. In the following table the number stating that a factor was considered is expressed as a percentage of the total organizations reporting geographic pay differentials for each category of employees.

A. All Reasons Indicated.	Numbers of Organizations by Employment Category				
	(% of Total Orgs. Reporting Geographic Differentials in Category)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
"Cost-of-Living" differences	<u>4(50%)</u>	<u>3(43%)</u>	<u>3(23%)</u>	<u>4(20%)</u>	<u>4(20%)</u>
Pressures of local labour market	<u>4(50%)</u>	<u>4(57%)</u>	<u>7(57%)</u>	<u>12(60%)</u>	<u>9(45%)</u>
Pay differentials reported by					
- survey organizations	<u>3(38%)</u>	<u>3(43%)</u>	<u>8(62%)</u>	<u>10(50%)</u>	<u>5(25%)</u>
- own company surveys	<u>5(63%)</u>	<u>5(71%)</u>	<u>11(85%)</u>	<u>15(75%)</u>	<u>11(55%)</u>
Recruiting and Retention	<u>2(25%)</u>	<u>2(29%)</u>	<u>3(23%)</u>	<u>3(15%)</u>	<u>3(15%)</u>
Divisions or component parts of company develop own pay structures	<u>-</u>	<u>-</u>	<u>1(8%)</u>	<u>1(5%)</u>	<u>1(5%)</u>
Other	<u>-</u>	<u>-</u>	<u>1(8%)</u>	<u>1(5%)</u>	<u>4(20%)</u>
Total Orgs. Reporting Differentials	<u>8</u> (100%)	<u>7</u> (100%)	<u>13</u> (100%)	<u>20</u> (100%)	<u>20</u> (100%)

Of the companies reporting under the "Other" response, the four organizations under the Non-Office category reported that rates were set by separate negotiations with unions. The organization reporting an "Other" practice under Technical and Office, indicated that rates for these classes are set on the basis of internal relativities with rates negotiated by unions for its Non-Office category.

GEOGRAPHIC PAY DIFFERENTIALS

4. Reasons for Differentials (Continued)

The above table indicates all of the reasons reported by the organizations for establishing Geographic Pay Differentials. In the B tabulation which follows those companies that were able to identify primary factors considered in establishing the differentials are presented.

B. Primary Reasons.

	Numbers of Organizations by Employment Category				
	(% of Total Orgs. Reporting Geographic Differentials in Category)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
"Cost-of-Living" differences	<u>3 (38%)</u>	<u>2 (29%)</u>	<u>1 (8%)</u>	<u>1 (5%)</u>	<u>2 (10%)</u>
Pressures of local labour market	<u>2 (25%)</u>	<u>2 (29%)</u>	<u>3 (23%)</u>	<u>7 (35%)</u>	<u>4 (20%)</u>
Pay differentials reported by					
- survey organizations	<u>1 (13%)</u>	<u>2 (29%)</u>	<u>2 (15%)</u>	<u>2 (10%)</u>	<u>1 (5%)</u>
- own company surveys	<u>1 (13%)</u>	<u>-</u>	<u>4 (31%)</u>	<u>6 (30%)</u>	<u>6 (30%)</u>
Recruiting and Retention	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Divisions or component parts of company develop own pay structures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>	<u>1 (8%)</u>	<u>1 (5%)</u>	<u>3 (15%)</u>
No <u>primary</u> reason reported	<u>1 (13%)</u>	<u>1 (14%)</u>	<u>2 (15%)</u>	<u>3 (15%)</u>	<u>4 (20%)</u>
Total Orgs. Reporting Differentials	<u>8</u> (100%)	<u>7</u> (100%)	<u>13</u> (100%)	<u>20</u> (100%)	<u>20</u> (100%)

Most organizations were able to report one factor as being of primary importance in their establishment of varying pay rates by location.

GEOGRAPHIC PAY DIFFERENTIALS

4. Reasons for Differentials (Concluded)

Of those organizations responding "Other", the three under Non-Office indicated that rates were established in separate negotiations with unions at various locations. The organization responding "Other" for its Technical and Office employees indicated that rates at separate locations are based on internal relativities with negotiated rates for Non-Office employees at those locations.

GEOGRAPHIC PAY DIFFERENTIALS

5. Pay Differences Under Company-Wide Scales

Question: Where single company-wide pay schedules apply do you recognize geographic pay differences?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting by Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Placement in a different range in the company-wide salary schedule	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Placement in different parts of the company-wide salary ranges, e.g. employees in high rate areas paid in the top segment of range	<u>5(15%)</u>	<u>5(15%)</u>	<u>3(9%)</u>	<u>2(6%)</u>	<u>1(3%)</u>
Other accommodation within company-wide schedules	<u>1(3%)</u>	<u>1(3%)</u>	<u>-</u>	<u>-</u>	<u>-</u>
No different treatment based on geographic work location	<u>21(62%)</u>	<u>21(64%)</u>	<u>17(52%)</u>	<u>13(38%)</u>	<u>9(29%)</u>
Not applicable, employees at only one work location	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>2(6%)</u>
Not applicable, rates vary by geographic location	<u>6(18%)</u>	<u>5(15%)</u>	<u>12(36%)</u>	<u>18(53%)</u>	<u>19(61%)</u>
Total Organizations Reporting	<u>34</u> (100%)	<u>33</u> (100%)	<u>33</u> (100%)	<u>34</u> (100%)	<u>31</u> (100%)

Not all participants that reported varying rates by location for a category of employees under question 1 responded "not applicable, rates vary by geographic location" for that category in question 5.

Two organizations reported two different policies for separate groups in the Technical category. For this reason the number of organizations under the Technical category adds to two more than the total number of organizations reporting under this category.

One of these two companies had a policy of "no different treatment based on geographic work location" for some Technical employees and "...rates vary by geographic location" for the rest. We have counted both responses

GEOGRAPHIC PAY DIFFERENTIALS

5. Pay Differences Under Company-Wide Scales (Concluded)

in the above tabulation. The other organization reported some Technical employees on varying rates and the practice for the rest was "placement in different parts of company-wide salary ranges...". Again, both responses are counted.

Three organizations that indicated that they paid different rates by geographic location for one or more occupational categories, also had a policy of company-wide rates for the majority of their employees in those categories. Therefore, they gave one of the other responses under question 5. This applied to two organizations responding in the Management category, two in the Professional, one in the Technical, two in the Office and one in the Non-Office. In each case these companies only paid different rates at a small number of work locations. Most of their employees in each category had company-wide pay scales.

One of these three companies stated that different rates applied only to a small number of its Office employees all of whom were in one location. Therefore, under question 5 it indicated that its general policy for the Office category was "placement in different parts of the company-wide salary ranges...". The second firm reported that different rates by location applied to employees in all five occupational categories at only one of its branch offices. It stated under question 5 that it, too, had the general policy of "placement in different parts of company-wide salary ranges..." for its employees in all categories.

The third organization, which reported different rates by location for Management and Professional employees, stated that this practice applied at only one location. Apparently, this was the continuation of what had originally been a northern or isolated allowance when the operation was originally established there. Under question 5 it responded "other accommodation within company-wide schedules" as its general policy. The company pays a percentage differential for Management and Professional employees at this one work location.

GEOGRAPHIC PAY DIFFERENTIALS

6. Transfers - Where Company-Wide Scales Apply

Question: Do transfers of employees from one location to another usually provide pay increases to the employees?

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting Company-Wide Scales)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Rarely any employee transfers	<u>1(4%)</u>	<u>2(8%)</u>	<u>2(10%)</u>	<u>4(29%)</u>	<u>4(36%)</u>
Pay increases usually received on majority of transfers	<u>16(62%)</u>	<u>15(58%)</u>	<u>10(50%)</u>	<u>5(36%)</u>	<u>-</u>
Other financial inducements provided on majority of transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
No pay increases on majority of transfers	<u>4(15%)</u>	<u>4(15%)</u>	<u>3(15%)</u>	<u>3(21%)</u>	<u>2(18%)</u>
No connection between transfers and pay increases	<u>6(23%)</u>	<u>6(23%)</u>	<u>5(25%)</u>	<u>3(21%)</u>	<u>3(27%)</u>
Only one work location	<u>1(4%)</u>	<u>1(4%)</u>	<u>1(5%)</u>	<u>1(7%)</u>	<u>2(18%)</u>
Total Orgs. Reporting Company-Wide Scales	<u>26</u> (100%)	<u>26</u> (100%)	<u>20</u> (100%)	<u>14</u> (100%)	<u>11</u> (100%)

In the above tabulation, the numbers of organizations responding under each of the responses is expressed as a percentage of the total number of organizations reporting company-wide pay scales. Some organizations gave more than one response to this question for the same occupational category. For example, one firm, reporting under the Management and Professional categories, indicated that while there were "rarely any employee transfers", where these transfers occurred the second response, "pay increases usually received on majority of transfers", normally applied.

GEOGRAPHIC PAY DIFFERENTIALS

6. Transfers - Where Company-Wide Scales Apply (Continued)

Note that for two organizations which had two practices applying to distinct classes of Technical employees -- one group on company-wide rates, the other on varying rates by location -- we counted the responses under both questions 6 and 7. And we have counted these respondents both as having company-wide scales under question 6 and different rates by location under question 7 for their Technical categories.

One organization reporting for Management, Professional and Technical employees indicated that where the employee wished to be relocated, no increase would apply. However, where the company initiated the action to transfer the employee, a pay increase would be normal practice. This response was counted as "pay increases usually received on majority of transfers" in the above table.

One company responding under this question for its Management and Professional employees indicated that there was "no connection between transfers and pay increases", unless there was a promotion. It also stated that most transfers from one location to another were promotions. This organization was counted as responding "pay increases usually received on majority of transfers" under the Management and Professional categories in the above table.

However, there were four organizations giving responses under question 6 that are not included in the tabulation above. They reported different rates by location under question 1 of this section for one or more employment categories, but also have significant numbers of employees in those categories on company-wide pay scales. These respondents did not indicate that the differing practices applied to distinct classes of employees within those categories. If they had done so, we would have counted them as having two different practices in the affected categories.

Instead, for clarity in reporting, the responses by these four organizations, for the categories under which they reported both company-wide scales and different rates by location for the same classes, are presented in the supplementary tabulation below. Users of this report may decide to add these responses to the data reported in the first tabulation under question 6.

Organizations With Different Rates by Location That Also Reported Under Question 6 for Employees on Company-Wide Pay Scales for the Same Occupational Categories

<u>Responses Under Question 6</u>	<u>Number of Organizations by Employment Category</u>				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Rarely any employee transfers	-	-	-	1	1
Pay increases usually received on majority of transfers	3	3	1	2	1

GEOGRAPHIC PAY DIFFERENTIALS

6. Transfers - Where Company-Wide Scales Apply (Concluded)

We do not want to imply that these responses were incorrect. The responding organizations have some employees in these categories who are on company-wide scales, as well as the ones reported on different rates by location. We hope that presenting these responses separately will be of assistance to users of the data.

Responses by these four companies are contained in the data reported under question 7 which asked for the same information as question 6 where different rates by geographic location applied.

GEOGRAPHIC PAY DIFFERENTIALS

7. Transfers - Where Different Rates by Location Apply

Question: Do transfers of employees from one location to another usually provide pay increases to the employees?

Responses:

	Number of Organizations by Employment Category (% of Total Orgs. Reporting Geographic Differentials)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Rarely any employee transfers	<u>1(13%)</u>	<u>1(14%)</u>	<u>6(46%)</u>	<u>12(60%)</u>	<u>13(65%)</u>
Pay increases usually received on majority of transfers	<u>6(75%)</u>	<u>5(71%)</u>	<u>5(38%)</u>	<u>7(35%)</u>	<u>5(25%)</u>
Other financial inducements provided on majority of transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
No pay increases on majority of transfers	<u>2(25%)</u>	<u>2(29%)</u>	<u>2(15%)</u>	<u>2(10%)</u>	<u>2(10%)</u>
No connection between transfers and pay increases	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>	<u>1(5%)</u>
No policy reported	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(5%)</u>
Total Orgs. Reporting Geographic Differentials	<u>8</u> (100%)	<u>7</u> (100%)	<u>13</u> (100%)	<u>20</u> (100%)	<u>20</u> (100%)

Some organizations provided more than one response under this question for the same category. One organization was unable to report any policy for employees in its Non-Office category.

One organization reporting for Office and Non-Office employees indicated that where employees themselves request a transfer no increase would be provided. However, when the company initiates the action to transfer the employee, then the normal practice would be to provide a pay increase. This response was counted as "pay increases usually received on majority of transfers" in the table above.

GEOGRAPHIC PAY DIFFERENTIALS

8. Transfers - Where Different Rates by Location Apply

Question: Indicate where a different practice (from that reported in Question 7 above) applies to employees transferred to a location with a lower rate of pay or range compared to those moving to a higher paid location.

Responses:

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations Reporting a Different Practice	1	-	-	2	1
% of Total Orgs. Reporting Geographic Differentials	13%	-	-	10%	5%

One organization, reporting on employees in the Office and Non-Office categories, indicated that there was a different policy if the employee was transferred to a lower paid area. This organization reported "no connection between transfers and pay increases" under question 7 for these two categories and stated that an increase would only be granted if the employee moves to a higher paid zone.

By way of explanation the company noted that the difference in policy was that no increase would be granted at the next review date to an employee who moved to a lower paid area. The employee would be frozen at his current rate. At the subsequent review date he would move to the next step in the range for his new zone. The differences between zone rates within the company were relatively small, normally permitting the range for a level in the new zone to catch up to the employee's range, that applied in a higher paid area, within one year.

The second company, which reported employees only under the Management and Office categories, stated that where employees are transferred to a lower paid area, the difference between the rates at both locations is subtracted from any promotion increase granted. Under question 7 it reported "pay increases usually received on majority of transfers" for Management and "rarely any employee transfers" for its Office employees.

Two other participants, not counted in the above tabulation, offered narrative comments that may be of interest.

One organization reported that, while there would be no change in actual pay, the employee would be assigned to the new salary range applying for the new location. This firm reported "pay increases usually received on majority of transfers" under question 7. These practices were reported under questions 7 and 8 for the organization's Management, Professional, Technical and Office employees.

GEOGRAPHIC PAY DIFFERENTIALS

8. Transfers - Where Different Rates by Location Apply (Concluded)

No different established policy was identified, but one organization, reporting for Management, Professional, Technical and Office employees, stated that the pay practice on transfers to a lower-paid location varies with individual circumstances. This company reported "pay increases...on majority of transfers" in question 7.

GEOGRAPHIC PAY DIFFERENTIALS

Methods Used to Set Geographic Pay Differentials

While no specific question was asked on the printed questionnaire, each time an organization indicated that it had some employees on different rates by location, the Bureau attempted during subsequent telephone discussions to obtain information on the methods used to set the different rates. We found it very difficult to categorize the types of methods used. The table on page 193 is an attempt to group together the different methods used.

We caution data users that there are often overlaps between the methodologies reported by organizations. The grouping in this table was usually done on the basis of brief telephone conversations with the survey respondents and therefore the results should be used with caution.

In particular we had difficulty separating two of the groupings shown. Those companies that established a baseline rate first and then adjusted each location's rates as a percentage differential from the baseline were, in several cases, not very different from those companies that established zones on the basis of grouping together work locations with comparable rates and costs. In both cases the rates at particular locations were normally determined on the basis of survey data and examined in relation to rates and costs at other work locations.

The approach used in differentiating between these two categories for our purposes was based, in most cases, on the oral report made by the company to us during the telephone discussions. If the company indicated that it had established zones across the country which grouped together cities with comparable rates and costs, then we assumed this was the primary basis for the geographic rate determination. If the company indicated that as a first step a baseline rate was established and then each of the work locations' rates and costs were looked at in terms of that baseline, we assumed that the baseline with differential approach was the basic concept. Note that under the baseline with differential approach, rates can be either above or below the baseline scales.

In the case of one company we did not feel that the information provided allowed us to make any decision as to the methodology used in establishing the pay differentials.

GEOGRAPHIC PAY DIFFERENTIALS

Methods Used to Set Geographic Pay Differentials

	Number of Organizations Reporting Geographic Differentials by Category				
	(% of Total Orgs. by Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Different collective agreements	-	-	-	-	6(30%)
Based on relativity to negotiated rates under different collective agreements by location	-	-	1(8%)	1(5%)	-
Local management sets rates	-	-	2(15%)	3(15%)	2(10%)
Different rates for every location based on community rates - No relativity between rates	1(13%)	1(14%)	2(15%)	2(10%)	2(10%)
Baseline established and each location's rates set as a % differential from baseline rates	6(75%)	6(86%)	6(46%)	8(40%)	7(35%)
Zones established - either on geographic region basis or grouping together work locations with comparable rates and costs	1(13%)	-	2(15%)	5(25%)	2(10%)
Methodology not reported	-	-	-	1(5%)	1(5%)
Total Orgs. Reporting Geographic Differentials	8 (100%)	7 (100%)	13 (100%)	20 (100%)	20 (100%)

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 10

SALARY ADMINISTRATION - GENERAL

Introduction

This section of the questionnaire sought information on some other aspects of organizations' salary administration policies. Companies were asked to report on such elements as promotion increases, changes in the relationships between internal and external rates paid for a specific occupation, "red circling" policies, numbers of pay schedules and ranges, determinants of pay schedule adjustments and what survey data was used.

Highlights

- Employers reported a wide variety of practices being used to determine the size of increases that employees receive on promotion. For Non-Office employees the most frequent practice was to pay employees the rate for the job, where single rates applied, and at the Minimum of the range where salary ranges applied. For the remaining four employment categories the practices were more varied. In a majority of cases, employees were entitled to be paid at least at the Minimum rate of the new range. However, there were normally additional provisions such as a guaranteed minimum increase or, in some cases where the size of the increase was determined by managerial discretion, an established maximum percentage increase.
- When external market rates for a particular occupation are found to be significantly higher than company rates, responding organizations reported a variety of actions that would be taken. For employees in the Non-Office category, the highest number of organizations reporting a single practice indicated that no action would be taken during the term of the existing agreement. For the other employment categories, two responses that were frequently given were that companies would revise their job evaluations or would create unique salary schedules. Significant numbers of other organizations in these four categories (i.e. other than Non-Office) also indicated they had flexibility in their administration of salary ranges in such instances to permit faster than normal progression within the ranges or easier access to higher sectors of their ranges in such situations.
- In the reverse situation, where external market rates for a specific occupation are found to be significantly lower than company rates, a large number of organizations indicated that they would take no action. Several other organizations indicated that they had no established policy for such an eventuality, with many noting they had never encountered this situation. Where action would be taken and where a policy existed, for the Non-Office employees the most frequent

SALARY ADMINISTRATION - GENERAL

Highlights (Continued)

response was that rates were fixed during the term of a current collective agreement and the matter would be raised in the subsequent round of negotiations. For employees in the other four employment categories, where management has a policy and would take some action, the most frequently reported action would be to reduce the pace of in-range progression. The next most frequent response was that companies would revise their job evaluations in such situations.

- When an employee's job is "red-circled", that is when the job no longer merits its present rate or range, responding organizations indicated a wide variety of practices which would be followed to bring the employee's rate in line with the rate for the new level. The most frequently reported practice for employees in the Management, Professional, Technical and Office employment categories was the granting of partial salary increases. For Non-Office employees, companies most frequently reported that managerial discretion was applied in each individual case. Many of the organizations reporting specific established policies also stated that managerial discretion would determine the action taken in every individual case. Other frequently reported policies were that the employee's rate would be frozen until the range for the new pay level catches up and that the salary rate or range would only be reduced after the employee vacated the job.
- Regarding the number of pay schedules, the most frequent response under each of the five employment categories was that only one pay schedule applied to all employees in that category. That situation applied to a majority of organizations under the Management, Professional and Technical categories but to less than half of those reporting Office and Non-Office employees. The number of schedules applying to Office and Non-Office employees varied widely, with some employers of Non-Office classes being unable to report the number of schedules because of the large numbers involved.
- Within those schedules, a significant number of organizations were unable to report the average number of salary ranges per schedule. Some of those organizations were on a "dollar per point" range system under which a separate range applies to every job.
- In the 34 participating organizations there are 25 cases in which single schedules apply to employees in more than one of the employment categories used in this survey. Some organizations reported more than one separate case of overlapping schedules, such as its Management and Professional employees being on one schedule and another single schedule for its Technical and Office employees. The most frequently reported cases of salary schedules that overlapped two or more categories occurred between the Management and Professional categories. Seven (21%) of the 34 participants reported that practice. The next

SALARY ADMINISTRATION - GENERAL

Highlights (Concluded)

most frequently reported situations were for schedules to overlap the Management, Professional and Technical categories or for single schedules to overlap the Management, Professional, Technical and Office categories. Each of the latter two practices was reported by five (15%) organizations.

- A relatively small number of organizations reported separate pay schedules applying to individual occupations within the categories of employment identified in the questionnaire. In each of the employment categories, less than 20% of the organizations reported the existence of such separate pay schedules. The most frequently reported classes on separate schedules were ones in the computer systems field. These include Computer Systems Analysts and Programmers as well as Data Processing support personnel.
- The responding organizations indicated that they studied a wide range of factors to determine the size of their pay schedule adjustments. The most frequently referred to factors were pay levels in both the community and the industry, the size of pay increases in the community, the industry and in Canada, and movements in consumer prices. Many organizations were unable to report the primary factors considered in their pay schedule adjustment determination. In many instances, these companies considered several factors as being of equal importance in their decision-making process.
- Pay Research Bureau data is used by a significant percentage of the organizations participating in this survey to determine the compensation levels of employees in the Management, Professional, Technical and Office categories. About 30% of the responding organizations indicated that they also use the Bureau's data for their Non-Office workers.
- Where PRB data is used, most responding organizations indicated that they used it both to assess general trends and as one of several data sources for setting compensation rates.
- Thirty-one of the 34 participating organizations also reported using survey data from sources other than the Pay Research Bureau. Of these, 14 indicated that they conducted their own surveys for some or all of the occupational categories employed. Some of these 14 organizations also reported using surveys conducted by other survey facilities.

SALARY ADMINISTRATION - GENERAL

1. Promotion Increases

Question: Indicate the pay increase, if any, that employees generally receive on promotion.

Responses:

A - All responses	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting in Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
No increase, employees paid same rates i.e. employees only change ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Paid at minimum rate of new range	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>4(13%)</u>
Guaranteed minimum increase	<u>2(6%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>4(12%)</u>	<u>3(10%)</u>
Discretionary - with established maximum increase	<u>8(24%)</u>	<u>7(21%)</u>	<u>8(26%)</u>	<u>7(21%)</u>	<u>2(6%)</u>
Discretionary - with no limits	<u>10(29%)</u>	<u>10(30%)</u>	<u>7(23%)</u>	<u>6(18%)</u>	<u>1(3%)</u>
Combination of above	<u>14(41%)</u>	<u>14(42%)</u>	<u>14(45%)</u>	<u>16(47%)</u>	<u>7(23%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>3(9%)</u>	<u>15(48%)</u>
Total Orgs. Reporting	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

In the Office employment category three organizations reported differing practices between the unionized and non-unionized employees, all of which have been counted in the above table. For non-unionized Office employees, two organizations reported discretionary promotional increases with an established maximum, while the third reported that its promotional increases were based on a combination of two other methods. For unionized Office staff, two organizations reported that their employees went to the rate as prescribed in the union contract, while the third organization reported that their employees went to the Minimum rate of the new range.

In the Non-Office employment category, one organization indicated a differing practice between unionized and non-unionized employees. The non-unionized employees received a discretionary increase with an established maximum, while the unionized employees were paid at the collective agreement rate.

SALARY ADMINISTRATION - GENERAL

1. Promotion Increases (Continued)

A total of five organizations reported that some of their employees received a guaranteed minimum increase upon promotion. One organization reported that its Management, Professional, Office and Non-Office employees received a minimum increase on promotion of 4% of the Control Point of the new job. Another company reported that its Management, Professional, Technical and Office employees received a standard percentage increase upon promotion which varied according to the number of the salary levels involved in the promotion. Two companies reported a minimum increase of one salary step. The fifth company reported a minimum dollar per hour increase for its employees upon promotion.

Nine organizations reported promotional increases which were discretionary, but with an established maximum increase for some of their employees. For Management employees, five organizations reported a maximum increase of 15% while two reported a maximum increase of 20%. Two organizations reported the consideration of a fixed maximum percent plus the final position in the new range as the basis for determining the maximum increase an employee could receive. For Professional employees, one organization reported a maximum promotional increase of 12%, three organizations limited the increase to 15%, two stated that 20% was the maximum increase, and one organization reported that a combination of a fixed maximum percentage increase and the final position in the new range determined the maximum increase on promotion.

Those companies responding under "Other" indicated that employees went to the new rate for the job upon promotion.

A significant number of organizations indicated that their promotion increase policies combined more than one of the possible responses printed in the questionnaire. Table B describes the promotion increase policies of those organizations who reported "combination of above" under this question.

SALARY ADMINISTRATION - GENERAL

1. Promotion Increases (Concluded)

B - "Combination" Responses	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting "Combination")				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
No increase, employees paid same rates i.e. employees only change ranges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Paid at minimum rate of new range	<u>13(93%)</u>	<u>13(93%)</u>	<u>13(93%)</u>	<u>15(94%)</u>	<u>7(100%)</u>
Guaranteed minimum increase	<u>6(43%)</u>	<u>6(43%)</u>	<u>6(43%)</u>	<u>7(44%)</u>	<u>1(14%)</u>
Discretionary - with established maximum increase	<u>6(43%)</u>	<u>6(43%)</u>	<u>6(43%)</u>	<u>7(44%)</u>	<u>4(57%)</u>
Discretionary - with no limits	<u>3(21%)</u>	<u>3(21%)</u>	<u>3(21%)</u>	<u>3(19%)</u>	<u>2(29%)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Orgs. Reporting "Combination of above"	<u>14</u> (100%)	<u>14</u> (100%)	<u>14</u> (100%)	<u>16</u> (100%)	<u>7</u> (100%)

All organizations but one reported payment at the minimum rate of the new range in combination with one other factor. One organization reporting for Management, Professional, Technical and Office employees reported a guaranteed minimum percentage increase in combination with an established maximum percentage increase.

SALARY ADMINISTRATION - GENERAL

2. External Rates Higher

Question: When external market rates for a specific occupation (e.g. engineer, computer systems analyst, accountant, etc.) are significantly higher than rates paid to comparable company employees in a multi-occupation salary schedule, indicate your company's usual response.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting in Category)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Revise job evaluations	<u>9(26%)</u>	<u>10(30%)</u>	<u>9(29%)</u>	<u>9(26%)</u>	<u>3(10%)</u>
Create unique job evaluation plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Create unique salary schedule	<u>9(26%)</u>	<u>9(27%)</u>	<u>7(23%)</u>	<u>7(21%)</u>	<u>2(6%)</u>
Pay separate salary supplement	<u>1(3%)</u>	<u>2(6%)</u>	<u>-</u>	<u>1(3%)</u>	<u>1(3%)</u>
Permit faster than normal progression in ranges	<u>8(24%)</u>	<u>7(21%)</u>	<u>5(16%)</u>	<u>4(12%)</u>	<u>1(3%)</u>
Permit easier access to higher sectors of ranges	<u>8(24%)</u>	<u>8(24%)</u>	<u>7(23%)</u>	<u>6(18%)</u>	<u>2(6%)</u>
Would maintain parity, methodology varied	<u>3(9%)</u>	<u>3(9%)</u>	<u>4(13%)</u>	<u>5(15%)</u>	<u>7(23%)</u>
Would not change	<u>1(3%)</u>	<u>1(3%)</u>	<u>2(6%)</u>	<u>1(3%)</u>	<u>-</u>
Collective agreement would still apply	<u>-</u>	<u>-</u>	<u>-</u>	<u>2(6%)</u>	<u>13(42%)</u>
No established policy	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>2(6%)</u>	<u>7(23%)</u>
Total Orgs. Reporting	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

SALARY ADMINISTRATION - GENERAL

2. External Rates Higher (Concluded)

In replying to this question several organizations stated they had not yet experienced this situation. Some simply indicated that they had no established policy. Others responded on the basis of what they probably would do.

Of the organizations that indicated they "would maintain parity", one organization with a unionized Non-Office staff reported they would give consideration to proposing an increase to the union for employees within that category. Another organization reported that new salary schedules had been created for employees in certain specialist areas at the time these specialists were recruited. A third organization reported flexibility in their system which allows them to move job families or positions to new salary ranges without reference to other jobs. Another response by a company was to shorten the period of review of the salary schedules to ensure comparability with a rapidly moving external market. One company's response to this situation was to "declassify" particular classes of positions, that is remove them from a regular company classification plan, and create unique salary schedules for them, so that internal classification relativities would not be disrupted.

SALARY ADMINISTRATION - GENERAL

3. External Rates Lower

Question: When external market rates for a specific occupation are significantly lower than rates paid to comparable company employees in a multi-occupation salary schedule, indicate your company's usual response.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting in Category)				
	MGT	PROF	TECH	OFFICE	NON-OFFICE
Revise job evaluations	6(18%)	6(18%)	6(19%)	6(18%)	2(6%)
Create unique job evaluation plan	-	-	-	-	-
Create unique salary schedule	1(3%)	1(3%)	1(3%)	1(3%)	-
Reduce pace of in-range progression	9(26%)	8(24%)	7(23%)	7(21%)	1(3%)
Restrict access to higher sectors of ranges	-	-	-	-	-
Freeze ranges	-	-	-	-	-
Freeze rates	1(3%)	1(3%)	1(3%)	1(3%)	1(3%)
Reduce pace of range adjustments	3(9%)	3(9%)	3(10%)	4(12%)	1(3%)
Fixed during collective agreement term	-	-	-	4(12%)	8(26%)
Take no action	11(32%)	11(33%)	10(32%)	9(26%)	7(23%)
No established policy	4(12%)	4(12%)	4(13%)	5(15%)	8(26%)
Other	1(3%)	1(3%)	2(6%)	2(6%)	4(13%)
Total Orgs. Reporting	34	33	31	34	31
	(100%)	(100%)	(100%)	(100%)	(100%)

SALARY ADMINISTRATION - GENERAL

3. External Rates Lower (Concluded)

Of the organizations that reported "Other", one organization stated that for employees in all five employment categories its response to this situation would be to establish different rates by region. A second organization reported such a procedure for its Non-Office employees only. One organization indicated that for its Technical, Office and Non-Office employees a "red circle" procedure would be followed to bring the salaries into line. One organization reported that, for its Non-Office employees, the policy was to maintain North American parity with other workers doing similar jobs in the same industry.

SALARY ADMINISTRATION - GENERAL

4. High Out-of-Line Salaries (Red Circle Rates)

Question: When an individual employee's job no longer merits its present rate or range, indicate your company's practice concerning the salary of the affected employee.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting in Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Salary rate or range of employee retained: full entitlement to increases at former level	<u>2(6%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>3(9%)</u>	<u>1(3%)</u>
Salary rate or range reduced only after employee vacates the job	<u>6(18%)</u>	<u>6(18%)</u>	<u>7(23%)</u>	<u>7(21%)</u>	<u>2(6%)</u>
Employee's <u>rate</u> frozen until range for new pay level catches up	<u>9(26%)</u>	<u>9(27%)</u>	<u>10(32%)</u>	<u>10(29%)</u>	<u>4(13%)</u>
Employee's <u>range</u> frozen until range for new pay level catches up	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>2(6%)</u>	<u>-</u>
Partial salary increases are granted	<u>13(38%)</u>	<u>13(39%)</u>	<u>11(35%)</u>	<u>10(29%)</u>	<u>4(13%)</u>
Salary increases are delayed	<u>4(12%)</u>	<u>4(12%)</u>	<u>3(10%)</u>	<u>3(9%)</u>	<u>1(3%)</u>
Salary reduced to new pay level <u>immediately</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>3(10%)</u>
Salary reduced to new pay level <u>after a specified period</u>	<u>7(21%)</u>	<u>2(6%)</u>	<u>3(10%)</u>	<u>6(18%)</u>	<u>5(16%)</u>
Salary <u>partially</u> reduced	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>-</u>
Other	<u>2(6%)</u>	<u>6(18%)</u>	<u>4(13%)</u>	<u>5(15%)</u>	<u>8(26%)</u>
No established policy	<u>2(6%)</u>	<u>2(6%)</u>	<u>3(10%)</u>	<u>2(6%)</u>	<u>4(13%)</u>
Total Orgs. Reporting	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

SALARY ADMINISTRATION - GENERAL

4. High Out-of-Line Salaries (red Circle Rates) (Continued)

One organization which reported that full entitlement to increases at the former level would be maintained for its Management, Professional, Technical and Office employees, qualified this by saying that the employee's job must change or disappear through no fault of the employee for this to apply. Should the employee's job change or disappear due to performance or action of the employee, the employee's salary would be frozen until the new range catches up.

One company, which gave the response "salary rate or range reduced only after the employee vacates the job", for its Technical and Office employees, qualified this by noting that if a red circle action occurs because of Management action, such as re-evaluation of the job, the employee's range is frozen but the employee may proceed to the Maximum rate. Another company which indicated this response for employees in all five categories indicated that action would be taken to transfer the employee to another position at the appropriate level and subsequently the former job would be re-evaluated to the correct level. A third company with this response for its Management, Professional, Technical and Office employees, indicated that the employee would in most instances receive an economic increase but no merit increase. This organization is also shown beside the response "partial salary increases are granted" in the above table.

One company which reported that "partial salary increases are granted" for its employees in all five categories, also reported a formula for the partial increase. Under this formula the salary ranges are adjusted by the policy line adjustment, less 3%, until the correct range catches up. Another company which grants partial salary increases for its Management and Professional staff indicated that the increases would be such that the salary was corrected within a two-year period.

One organization indicated that an employee's salary was "reduced to the new pay level after a specified period" for red circled employees in all five categories. Under its formula, the employee's rate is frozen for 12 months. At the end of 12 months, the difference between actual rate and new reduced rate is calculated. Four equal reductions are calculated to bring the difference to zero at the end of the 24th month. The first reduction is applied 15 months after the rate was originally frozen. At the end of 24 months, the rate is in line. If at any point during this 24 months the new rate catches up, the employee's rate is freed. Another organization, which reported this response for its Management, Professional, Technical and Office employees, reported that the salary was reduced by quarterly increments of 5% until the salary falls within the new range. Another organization, reporting this response for its unionized Office and Non-Office employees, indicated that the employee would continue to be paid at the rate applicable to the position held for a period of three years. At the expiry of that period subsequent general wage increases will have erased the differential paid to the incumbent of the red circled position.

SALARY ADMINISTRATION - GENERAL

4. High Out-of-Line Salaries (Red Circle Rates) (Concluded)

Of those organizations stating "Other", managerial discretion applied to each individual case was the norm. Such discretionary action could include all of the responses listed in the questionnaire.

SALARY ADMINISTRATION - GENERAL

5. Number of Pay Schedules and Ranges in Schedules

A. Number of Schedules

Question: Indicate the number of separate pay schedules applying to employees in each category.

Responses:

<u>Number of Schedules</u>	Number of Organizations by Employment Category (% of Total Orgs. Reporting in Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
1	<u>21(62%)</u>	<u>20(61%)</u>	<u>18(58%)</u>	<u>15(44%)</u>	<u>13(42%)</u>
2	<u>4(12%)</u>	<u>2(6%)</u>	<u>3(10%)</u>	<u>5(15%)</u>	<u>2(6%)</u>
3	<u>1(3%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>2(6%)</u>
5 or more	<u>1(3%)</u>	<u>4(12%)</u>	<u>6(19%)</u>	<u>11(32%)</u>	<u>11(35%)</u>
Dollar Per Point System	<u>8(24%)</u>	<u>7(21%)</u>	<u>3(10%)</u>	<u>2(6%)</u>	<u>-</u>
Unable to Report	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3(10%)</u>
Total Orgs. Participating	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Two organizations reported two different schedule types for their Management employees. In each case one segment of the Management category was on a dollar per point system while the remainder of the category was covered by one pay schedule. Both schedules are reported in the above table. Further, one of these two companies reported the same situation applying to their professional employees.

Users of the report are cautioned that in some instances those organizations reporting five or more schedules were reporting different schedules based upon geographic locations. However, in other cases organizations with geographic rates of pay which are determined from a centralized master pay rate, reported only one schedule.

SALARY ADMINISTRATION - GENERAL

5. Number of Pay Schedules and Ranges in Schedules (Continued)

B. Number of Ranges in Schedules

Question: Indicate the average number of salary ranges in each pay schedule. (Where a Single Rates System applies, give the number of rates).

Responses:

Average Number of Ranges per Schedule	Number of Organizations by Employment Category (% of Total Orgs. Reporting in Category)				
	MGT	PROF	TECH	OFFICE	NON- OFFICE
1 - 5	<u>1(3%)</u>	<u>3(9%)</u>	<u>2(6%)</u>	<u>4(12%)</u>	<u>3(10%)</u>
6 - 10	<u>6(18%)</u>	<u>6(18%)</u>	<u>12(39%)</u>	<u>15(44%)</u>	<u>4(13%)</u>
11 - 15	<u>9(26%)</u>	<u>8(24%)</u>	<u>7(23%)</u>	<u>9(26%)</u>	<u>5(16%)</u>
16 - 20	<u>4(12%)</u>	<u>4(12%)</u>	<u>4(13%)</u>	<u>1(3%)</u>	<u>-</u>
21 - 30	<u>4(12%)</u>	<u>6(18%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>4(13%)</u>
31 - 50	<u>3(9%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1(3%)</u>
50 +	<u>-</u>	<u>-</u>	<u>1(3%)</u>	<u>-</u>	<u>3(10%)</u>
Unable to Report	<u>9(26%)</u>	<u>7(21%)</u>	<u>3(10%)</u>	<u>3(9%)</u>	<u>11(35%)</u>
Total Orgs. Participating	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Organizations shown as "Unable to report" include those organizations which have a dollar per point range system and organizations which were unable to supply accurate counts of the number of ranges or rates.

Because of difficulty in verifying the information reported and because of definitional problems in associating "schedules" with individual employment categories, the Bureau recommends that the results in the above table not be considered precise measures.

SALARY ADMINISTRATION - GENERAL

5. Number of Pay Schedules and Ranges in Schedules (Continued)

C. Schedules Overlapping Employment Categories

Question: Where a single pay schedule overlaps two or more of the employment categories used in this questionnaire, please describe the coverage of each such schedule. Give the number of salary ranges in each such schedule.

Responses:

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations Reporting Overlap	<u>19</u>	<u>20</u>	<u>17</u>	<u>12</u>	<u>3</u>
% of Total Orgs. Reporting in Category	<u>56%</u>	<u>61%</u>	<u>55%</u>	<u>35%</u>	<u>10%</u>

<u>Employment Categories Overlapped</u>	<u>Number of Organizations</u>	<u>Orgs. by Number of Ranges Per Schedule</u>			
		<u>1-10 Ranges</u>	<u>11-20 Ranges</u>	<u>21+ Ranges</u>	<u>\$/Point Ranges</u>
MGT + PROF	7	-	3	1	3
MGT + PROF + TECH	5	-	4	-	1
MGT + PROF + TECH + OFFICE	5	-	1	2	2
MGT + PROF + TECH + OFFICE + NON-OFFICE	2	-	1	1	-
PROF + TECH	1	-	-	1	-
TECH + OFFICE	4	2	2	-	-
OFFICE + NON-OFFICE	1	-	1	-	-

One organization reported its Technical employees are separated along supervisory/non-supervisory lines, with each of those schedules overlapping other categories. Supervisory Technical employees are covered by the same schedule as its Management and Professional employees, while non-supervisory Technical employees were covered by the same schedule as its Office employees. This organization is counted twice in the second tabulation above.

SALARY ADMINISTRATION - GENERAL

5. Number of Pay Schedules and Ranges in Schedules (Continued)

D. Separate Schedules for Occupations

Question: List the cases in your company where individual occupations (e.g. engineers, computer systems administrators, clerks, etc.) have separate pay schedules from other employees in the same category of employment (as used here).

Response:

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Number of Organizations Reporting Separate Schedules for Some Occupations	<u>5</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>
% of Total Orgs. Reporting in Category	<u>15%</u>	<u>9%</u>	<u>13%</u>	<u>12%</u>	<u>16%</u>

	<u>Occupations Reported as Having Separate Schedules</u>	<u>Number of Organizations</u>	<u>% of Total Reporting Some Separate Schedules</u>
MGT -	Computer Systems Analysts and Programmers	4	80%
	Department Managers	1	20%
	Executive Secretaries	1	20%
	Tax Specialists	1	20%
	Translators	1	20%
	A specialist class (unique to one respondent)	1	20%
PROF -	Chemists	1	33%
	Doctors	1	33%
	Engineers	2	66%
	Lawyers	1	33%
	Scientists	1	33%
TECH -	Draftsmen	2	50%
	Research Assistants	1	25%
	Technicians	2	50%
	Technologists	1	25%
	X-Ray Technicians	1	25%
	A specialist class (unique to one respondent)	1	25%

SALARY ADMINISTRATION - GENERAL

5. Number of Pay Schedules and Ranges in Schedules (Concluded)

	<u>Occupations Reported as Having Separate Schedules</u>	<u>Number of Organizations</u>	<u>% of Total Reporting Some Separate Schedules</u>
OFFICE -	Advertising and Display	1	25%
	Clerical	2	50%
	Data Processing	4	100%
	Key Punch	1	25%
	Messenger	1	25%
	Sales	1	25%
	Secretary	1	25%
	Security	1	25%
	A specialist class (unique to one respondent)	1	25%
NON-OFFICE -	Caretaking	1	20%
	Food Services	1	20%
	Foremen	1	25%
	Maintenance, Service and Repair	1	20%
	Material Handling	1	20%
	Mechanics	1	20%
	Printers	1	25%
	Transportation	1	20%
	A specialist class (unique to one respondent)	1	25%

The Non-Office responses in this section do not include a large number of companies who indicated their employees were segregated along trade and class lines, as well as by day work, by piece work or under job titles listed in collective agreements.

SALARY ADMINISTRATION - GENERAL

6. Determinants of Pay Schedule Adjustments

Question: Indicate the factors which are taken into account in adjusting pay schedules.

Responses:

A. All Factors Reported.

Number of Organizations by Employment Category

(% of Total Orgs. Reporting in Category)

	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON- OFFICE</u>
Pay levels - in the Community	<u>20(59%)</u>	<u>20(61%)</u>	<u>24(77%)</u>	<u>28(82%)</u>	<u>20(65%)</u>
- in the Industry	<u>22(65%)</u>	<u>21(64%)</u>	<u>21(68%)</u>	<u>23(68%)</u>	<u>16(52%)</u>
- in the Province	<u>13(38%)</u>	<u>12(36%)</u>	<u>11(35%)</u>	<u>13(38%)</u>	<u>8(26%)</u>
- in Canada	<u>26(76%)</u>	<u>25(76%)</u>	<u>20(65%)</u>	<u>15(44%)</u>	<u>9(29%)</u>
Rates of Pay Increases					
- in the Community	<u>14(41%)</u>	<u>14(42%)</u>	<u>15(48%)</u>	<u>21(62%)</u>	<u>18(58%)</u>
- in the Industry	<u>17(50%)</u>	<u>17(52%)</u>	<u>16(52%)</u>	<u>19(56%)</u>	<u>15(48%)</u>
- in the Province	<u>9(26%)</u>	<u>9(27%)</u>	<u>7(23%)</u>	<u>12(35%)</u>	<u>10(32%)</u>
- in Canada	<u>20(59%)</u>	<u>19(58%)</u>	<u>16(52%)</u>	<u>13(38%)</u>	<u>12(39%)</u>
Recruitment and Retention of employees	<u>17(50%)</u>	<u>16(48%)</u>	<u>14(45%)</u>	<u>15(44%)</u>	<u>11(35%)</u>
Consumer Price Movements	<u>21(62%)</u>	<u>20(61%)</u>	<u>20(65%)</u>	<u>22(65%)</u>	<u>17(55%)</u>
Productivity	<u>3(9%)</u>	<u>3(9%)</u>	<u>3(10%)</u>	<u>4(12%)</u>	<u>5(16%)</u>
Internal Relativities	<u>17(50%)</u>	<u>17(52%)</u>	<u>17(55%)</u>	<u>17(50%)</u>	<u>10(32%)</u>
Profitability	<u>9(26%)</u>	<u>8(24%)</u>	<u>8(26%)</u>	<u>7(21%)</u>	<u>5(16%)</u>
Other	<u>2(6%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>2(6%)</u>	<u>6(19%)</u>
Total Orgs. Reporting	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

SALARY ADMINISTRATION - GENERAL

6. Determinants of Pay Schedule Adjustments (Continued)

One organization reporting "Other" indicated that the sole determinant of pay schedule adjustments for all five employment categories was parity of salaries with its parent company. A second organization, reporting on all five employment categories, indicated that a balance between cost, profit and pay objectives was a consideration. The remaining four companies, reporting "Other" for the Non-Office category, indicated that collective bargaining was the prime determining factor.

Respondents were also asked to indicate which of the factors was considered to be of primary importance in their pay determination. Table B presents the responses given.

SALARY ADMINISTRATION - GENERAL

6. Determinants of Pay Schedule Adjustments (Continued)

B. Primary Factors Indicated.

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting in Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Pay levels - in the Community	<u>4(12%)</u>	<u>4(12%)</u>	<u>7(23%)</u>	<u>10(29%)</u>	<u>4(13%)</u>
- in the Industry	<u>4(12%)</u>	<u>3(9%)</u>	<u>2(6%)</u>	<u>1(3%)</u>	<u>3(10%)</u>
- in the Province	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>
- in Canada	<u>9(26%)</u>	<u>9(27%)</u>	<u>4(13%)</u>	<u>3(9%)</u>	<u>-</u>
Rates of Pay Increases					
- in the Community	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>
- in the Industry	<u>2(6%)</u>	<u>2(6%)</u>	<u>1(3%)</u>	<u>2(6%)</u>	<u>1(3%)</u>
- in the Province	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
- in Canada	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>
Recruitment and Retention of employees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Consumer Price Movements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Productivity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Internal Relativities	<u>2(6%)</u>	<u>2(6%)</u>	<u>3(10%)</u>	<u>3(9%)</u>	<u>2(6%)</u>
Profitability	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>
Other	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>1(3%)</u>	<u>7(23%)</u>
Unable to report primary factors	<u>9(26%)</u>	<u>9(27%)</u>	<u>10(32%)</u>	<u>11(32%)</u>	<u>8(26%)</u>
Total Orgs. Reporting	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

SALARY ADMINISTRATION - GENERAL

6. Determinants of Pay Schedule Adjustments (Concluded)

Not all companies were able to report primary determinants for their pay schedule adjustments. Most of these gave equal weight to several factors considered in this pay determination process.

One company, listed under "Other" for the five employment categories, indicated that parity of salaries with positions in its parent company was the sole determinant. The remaining six organizations shown under "Other" for their Non-Office employees, indicated that collective bargaining was the prime determinant for their pay schedule adjustment.

SALARY ADMINISTRATION - GENERAL

7. Pay Schedule Adjustments

Question: Are different factors considered for unionized employee groups than for non-union employees?

Responses:

No tabulation of responses to this question was possible due to a very limited number of responses. One company indicated that the union settlement was a consideration in the increases given to its non-union employees. A second company indicated that unionized settlements were subject only to the collective bargaining process, while non-union settlements were based upon survey and market information. A third company indicated that, although the unionized employee groups and non-union employee group settlements were made independently, such factors as the Consumer Price Index, profitability, community-wide and industry-wide pay increases were common denominators in the consideration of pay schedule adjustments.

SALARY ADMINISTRATION - GENERAL

8. Survey Data

Question: Indicate where Pay Research Bureau (PRB) data is used for some groups in the employee categories.

Responses:

	Number of Organizations by Employment Category				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations Reporting PRB Data Used	<u>27</u>	<u>31</u>	<u>28</u>	<u>32</u>	<u>9</u>
% of Total Orgs. Reporting	<u>79%</u>	<u>94%</u>	<u>90%</u>	<u>94%</u>	<u>29%</u>

In interpreting this data it is important to recall that one of the criteria used in sample selection was that the organizations were to be major contributors to Pay Research Bureau salary surveys. One of the incentives to participate in PRB surveys is that all respondents receive copies of the final reports. Therefore, the major participants in our surveys may also be the companies who most value the results.

SALARY ADMINISTRATION - GENERAL

9. Survey Data

Question: Where Pay Research Bureau data are used, indicate how they are used.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting in Category)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Used to assess general trends	<u>21(62%)</u>	<u>20(61%)</u>	<u>20(65%)</u>	<u>22(65%)</u>	<u>8(26%)</u>
Used as one of several data sources for setting compensation rates	<u>18(53%)</u>	<u>22(67%)</u>	<u>17(55%)</u>	<u>20(59%)</u>	<u>7(23%)</u>
Used as a <u>primary</u> data source for setting compensation rates	<u>5(15%)</u>	<u>6(18%)</u>	<u>8(26%)</u>	<u>7(21%)</u>	<u>2(6%)</u>
Other	<u>1(3%)</u>	<u>1(3%)</u>	<u>2(6%)</u>	<u>3(9%)</u>	<u>2(6%)</u>
PRB data not used	<u>7(21%)</u>	<u>2(6%)</u>	<u>3(10%)</u>	<u>2(6%)</u>	<u>22(71%)</u>
Total Orgs. Reporting	<u>34</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>31</u>
	(100%)	(100%)	(100%)	(100%)	(100%)

Several organizations reported more than one use of Pay Research Bureau data. All their responses are counted in the above tabulation.

Of those reporting "Other" uses, one organization indicated that Pay Research Bureau data were used to assess market positions and to illustrate regional differences for its Management, Professional, Technical and Office employees. The second organization indicated that for its Technical, Office and Non-Office employees, Pay Research Bureau data were used to help corroborate regional variances for cities and provinces. A third company indicated that Pay Research Bureau data on benefits and working conditions were used to compare its own practices for its Office and Non-Office employees with those of other companies.

SALARY ADMINISTRATION - GENERAL

10. Survey Data

Question: List any other pay surveys used to set rates in your pay schedules.

Responses:

Of the 34 organizations in the sample, 31 reported the utilization of surveys produced by organizations other than the Pay Research Bureau. Many of these reported using more than one such survey, depending on the occupational category.

It is not possible to list the survey institutions nor the numbers of organizations utilizing each of them because of the wide variety of responses received and because the questionnaire only listed a small number of surveys as potential responses. Results, therefore, may not be indicative of actual practices.

However, of the 31 organizations, 14 responded that they conducted their own surveys for at least some of the occupational categories. Other survey sources include management consulting firms, other industrial organizations, government agencies, professional and management associations and societies, independent research agencies, local compensation and personnel groups, and groupings of firms with related business interests for an indicated total of 35 sources of data.

It should be noted that some of the organizations use surveys limited to specific geographical locations where they conduct their primary operations.

SALARY ADMINISTRATION - GENERAL

11. Survey Data

Question: Where pay rates are negotiated with a union(s), indicate where your company gives the union(s) copies of any relevant survey data.

Responses:

	Number of Organizations by Employment Category				
	(% of Total Orgs. Reporting on Their Unionized Employees)				
	<u>MGT</u>	<u>PROF</u>	<u>TECH</u>	<u>OFFICE</u>	<u>NON-OFFICE</u>
Number of Organizations Providing Data to Unions	<u>1(100%)</u>	<u>1(33%)</u>	<u>1(20%)</u>	<u>3(25%)</u>	<u>3(13%)</u>
Total Orgs. Reporting on Their Unionized Employees	<u>1</u> (100%)	<u>3</u> (100%)	<u>5</u> (100%)	<u>12</u> (100%)	<u>24</u> (100%)

One organization reported that it provided summary data from surveys to unions representing employees in all five employment categories within the organization. A second company indicated that survey results were made available to unions representing Office and Non-Office employees. A third organization indicated that survey data would be made available to the bargaining agents covering its Office and Non-Office employees as required during negotiations.

One organization, whose response is not tabulated, indicated that for Non-Office employees if they did rely on survey data they would share it with the union.

SALARY ADMINISTRATION - GENERAL

12. Survey Data - Pay Research Bureau

Question: Please describe any suggestions you may have for new data or new presentations of existing data which would be useful to you for pay determination. Please include any suggestions for additional data on Salary Administration Practices which would be useful to you.

Responses:

Seven organizations commented under this question. The following describes suggestions and comments made.

One organization expressed a need for new data. Following a telephone conversation in connection with this survey, a special request was received from them for a new tabulation of Bureau data which would present the AUTOCODS survey information for salary ranges for the provinces of Quebec and Ontario separately. Currently the standard table, which is published regularly in the AUTOCODS report, shows range data only for Canada as a whole.

Another organization recommended the publication of historical data every five years on the AUTOCODS classes. It suggested that the data should cover a ten-year period each time and that the data should be related to changes in the Consumer Price Index to show the "real income" gain or loss over the period. These suggestions would represent a modification of the "Trend" reports which the Bureau currently publishes showing the results of its surveys over extended periods of years. Currently these Trend reports do not all cover ten-years periods, but putting all that have been published together would enable the user to determine the trends for certain classes from 1958.

A fourth organization indicated that it was interested in the results of this survey and that it was also interested in trends toward or away from national rates of pay.

Two organizations indicated that they would be interested in seeing Alberta data presented separately from the "Prairies" region in our regular reports. One of these indicated that it would like to see the "Prairies" reported province by province. That organization also noted that it would like the Bureau to improve the turnaround time for both its regular Anticipated and Actual Recruiting Rates surveys.

The latter organization also recommended that the Bureau separate its survey of Psychologists into "clinical" and "general or experimental" Psychologists. It commented that industry at large is not interested in the clinical Psychologists, although it recognized there was a need for that data in setting rates for employees in the Federal Public Service.

SALARY ADMINISTRATION - GENERAL

12. Survey Data (Continued)

The seventh organization commented that PRB data was "too big" in that its samples were too large and the distribution too broad for the data to be as useful to that company as it potentially could be. It used PRB data only to assess general trends in compensation. In its determination of pay schedules it gave greater weight to data for other employers in its own industry.

Other Suggestions Requested

In designing the questionnaire, we included the questions on whether PRB data was used, how it was used and asked for suggestions for improvement because we wanted to use this survey as a vehicle to assess the needs of those organizations that participate regularly in our compensation surveys. We do not want to imply that we will only listen to the views and suggestions of our data users at the time that we conduct a survey of this type: The Bureau would welcome any comments and suggestions relating to our surveys at any time.

SALARY ADMINISTRATION IN CANADIAN INDUSTRY

SECTION 11

SELECTED COMPANIES - POLICIES AND PRACTICES

Introduction

Comparative studies of salary administration practices are not new. However, we hope that this section of our report will provide information in a way that it has not been presented before.

When the salary administration study was being conceived and the questionnaire designed, it was pointed out to us that past studies of salary administration practices had not told their readers how individual companies actually administer their salary administration policies. Previous studies have presented average values and frequency distributions of the kinds of practices used. However, the individual company is lost in the aggregate of data.

The first sections of this report provide information about the range of practices applying in Canadian industry and give some average values. However, from those preceding sections, the reader cannot determine, for example, that a company which has a point-rating plan also has a Minimum - Normal Maximum - Merit Maximum salary range and also pays different rates for different geographic locations to its employees in any one employment category. This kind of information can only be obtained from a description of the practices of an individual company.

In this section we have selected two companies that we believe are representative of the 34 organizations that responded to our survey. These are also companies that provided us with adequate information so that we can give an in-depth description of their salary administration practices.

For confidentiality reasons we cannot identify the companies selected. While we have tried to select these organizations on the basis of certain criteria, described below, it has not been possible to choose companies that reflected the average or most frequently occurring practice in every category of employment.

We sincerely appreciate the cooperation of the selected companies which contributed to this section of the report.

SELECTED COMPANIES - POLICIES AND PRACTICES

Criteria for Selection

In selecting the two companies, we attempted to be as representative as possible of the range of sample organizations and the more popular of the salary administration practices reported in the survey. In making the selection we decided to choose companies from different industries. The other selection criteria were size of total employment, geographic spread of total employment across Canada, the payment of different rates by locations to some or none of the employees, and the percentage of unionized employees in the company. Further, the types of job evaluation systems and the types of pay structures used by the selected companies are as representative as possible of the survey findings.

The two companies selected are each from a separate major industry grouping as defined by Statistics Canada. They are both relatively large companies, although there is a significant difference in their employment size. The smallest company has just over 5,000 employees, the larger has in excess of 15,000 employees.

Under the heading of geographical pay differentials, one company has all its employees on Canada-wide pay scales and the second has a combined system, with some employees paid different rates at different locations. Both companies are heavily unionized with a majority of their work-force covered by collective agreement.

With respect to job evaluation systems, all of the more popular types are represented in these companies. The two companies both have employees who are paid on two of the salary range types and some employees who are paid single rates of pay. No employees in the selected companies have salary ranges of the Minimum - Merit Maximum type.

For information, and as a basis for comparison, the following tabulation shows the employment structure of the two selected employers as compared to the average of the 16 organizations that were able to report numbers of employees based on the employment categories used in the questionnaire.

SELECTED COMPANIES - POLICIES AND PRACTICES

Employment Structure of Selected Companies Compared to Average of 16 Companies*

<u>Employment Category</u>	<u>Percentage Distribution of Total Employment</u>		
	<u>Average of 16 Companies*</u> (%)	<u>Company A</u> (%)	<u>Company B</u> (%)
MGT	14.2	12.6	11.8
PROF	8.3	8.1	0.5
TECH	7.2	4.0	0.7
OFFICE	33.2	20.7	13.5
NON-OFFICE	37.1	54.6	73.5
Total	100.0%	100.0%	100.0%

* Only 16 companies were able to report numbers of employees based on the employment categories used in the questionnaire.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

Job Evaluation Systems

Employees in all five of the occupational categories used in this questionnaire have formal job evaluation plans. All of the company's Management and Professional employees are covered by a point-rating system. Its employees in the Office and Non-Office categories, both union and non-union, are covered by other point-rating plans. Its Technical employees have a grade description job evaluation plan.

There are no unions covering employees in the Management, Professional and Technical categories. In the Office and Non-Office categories, the company reports that when a change in the job evaluation system takes place, it is normal practice to negotiate with the union on the plan type for both of these latter two categories.

The Company's practice is to provide a large amount of information to employees about their classification plans. For its Management and Professional employees the company issues a booklet which describes how positions are evaluated, how salary ranges are determined, and how performance evaluations and merit and promotional increases are determined. Unionized Office and Non-Office employees are given all details of their classification plans, including information on the factors used and the weights of those factors in the final evaluation. For non-union Office and Non-Office employees, disclosure practices vary by location. There are no company-wide standards as to what information is disclosed at each location. For Company A's Technical employees, no formal document describing the duties and responsibilities of all levels is automatically made available to employees.

Where there is a dispute as to the appropriate evaluation of an employee's job, unionized employees have access to the formal grievance procedure. They may take their complaints to third party arbitration, if they are not resolved at an earlier step in the procedure. No formal redress procedure exists for the non-union employees' complaints about their job evaluations. However, if an employee has such a complaint, he can discuss it with the line manager who can refer the problem for review by job evaluation personnel.

Types of Wage and Salary Structures

All of Company A's Management, Professional, Technical and the non-unionized Office employees are covered by ranges of the Minimum - Normal Maximum - Merit Maximum type. Its unionized Office employees are on Minimum - Normal Maximum type ranges. All employees in the Non-Office category are covered by Single Rates Systems.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

Single Rates Systems

Disclosure practices differ for unionized and non-union employees on single rates. Unionized employees have copies of their collective agreements, so they are aware of all rates in their pay schedule and of the frequency of schedule adjustments. For non-union employees the information is not published in a formal document. However, the company reports that the non-unionized personnel are aware of the rates in their own pay schedule, primarily through the posting of job vacancies.

In responding to the questionnaire, the company noted that it was reporting on practices applying to unionized employees at only one of its locations. These were stated to be representative salary administration practices for all its unionized workers.

The average differential between classification levels for those employees on single rates was reported to be 3%. Its supervisory employees are not on the single rates system. However, Company A also reported the methodology used to establish rates for its supervisors.

Foremen are paid on a range structure in which the mid points for Junior Foremen are 120% of the highest rate at the worksite. The mid points of the ranges for Senior Foremen are 130% of the highest rate at the worksite where the supervision is being exercised. The company reported that the system provides a differential over the highest payroll rate and not the highest rate of the employee actually supervised. The ranges applying to the Foremen have Minimum rates which are 15% below the mid points and Maximum rates set at 15% above the mid points.

Minimum - Normal Maximum Salary Structures

This salary range type applies only to the unionized Office employees in the company, which represent about 3% of the total Office employees reported. The company used one of its collective agreements as a representative one in reporting the information required in this section of the questionnaire.

Because these employees are covered by collective agreements, they are aware of all ranges in their own salary schedule, the frequency of salary schedule adjustments and the frequency of in-range increases as provided in their own agreement.

In reporting on the relationships between its salary ranges of this type, based on the representative collective agreement, the company noted that the Minimum rate of a range is generally the same as the Maximum rate of the next lower range. In comparing the range spread, Company A reported that the lowest difference between Minimum and Maximum rates is 11.3%; the highest

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Company A

spread is 16.9%; and the average value for the difference between Minimum and Maximum rates for individual ranges of this type within the company is 13.6%.

Because, in general, the Maximum rate of one range is the same as the Minimum rate of the next higher range, the same values reported above for the range spread also apply to the differentials between the Maximum rates of the ranges.

In making its external comparisons, the company noted that the final decision about the level of the rates for unionized employees is made in negotiations with the unions. However, in the comparisons that it uses for its decisions, an examination is made of the Mean of Rates Actually Paid in the company in relation to the Mean values of both Rates Actually Paid and the Maximum Rates of Outside (salary) Ranges applying in the local labour market for comparable employees.

An employee progresses through Company A's salary ranges of this type on the basis of standard dollar increases granted every six months, provided that the employee's performance has been fully satisfactory. In percentage terms, the typical value of each standard increase is reported as 4%.

The range adjustments are separately identified from the in-range increases. The range adjustments apply on the same date for all employees, while the in-range increase is granted on the employee's anniversary date or at more frequent intervals for better than average performers.

Mean - Normal Maximum - Merit Maximum Salary Structures

Employees in the Management, Professional, Technical and the non-union employees in the Office categories are covered by this type of range. No unionized employees are covered by this range type.

Employees under this range type are provided with information on their individual ranges, but are not advised of the ranges applying to all employees in the salary schedule.

In general, the ranges overlap one another, so that the Minimum rate of a range is lower than the Merit Maximum rate of the next lower range.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

Within each range the company identifies certain sectors on the basis of performance expected of employees in those portions of the ranges. These sectors are outlined below.

<u>Type of Employee</u>	<u>Sector (Control Point = 100%)</u>	<u>Performance Expected</u>
Management and Professional	80% - 88%	Learner or Marginal Performer
	88% - 96%	Fair or Improving Satisfactorily
	96% - 104%	Competent
	104% - 112%	Excellent
	112% - 120%	Outstanding
Technical and Office	85% - 95%	Learner or Marginal Performer
	95% - 105%	Competent
	105% - 115%	Excellent

For the purpose of the Bureau's survey the maximum rate of the "Competent" sector was reported as the Normal Maximum rate. An employee may attain the Normal Maximum rate, which for Management and Professional employees is 60% of the way from the Minimum to the Merit Maximum and for Technical and Office employees is 67% of the way from the Minimum to the Merit Maximum, on the basis of continuing fully satisfactory performance. Company A noted that in its salary administration it gives much more emphasis to the Control Point value than it does to the Normal Maximum rate.

The Merit Maximum rate is 50% higher than the Minimum rate of each range for Management and Professional category positions. For the Technical and Office employees the difference between the Merit Maximum and the Minimum rate is 35%.

The Normal Maximum rates for employees in the Management and Professional categories is 30% higher than the Minimum rate of each range. For Technical and Office employees the difference between the Normal Maximum rate and the Minimum rate of each range is 23%.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

In examining the differentials between ranges, i.e. calculating the percentage difference from the Normal Maximum rate of one range to the Normal Maximum rate of the next lower range, Company A reported that the lowest differential was 7.1%, the highest was 10.1% and the average was 8.6% for ranges in the Management and Professional categories. All its Technical and Office employees are paid rates that vary between locations and there is no consistent range structure in the various schedules. For Office workers, however, it was able to report, based on a schedule at a representative location, that the lowest differential was 5.6%, the highest was 10.3% and the average difference was 7.7%.

In reporting on the methodology used in constructing its ranges for these employees, the company advised that, first, the dollar value of the mid point (its Control Point) is determined by relating the evaluated mid point to the dollars shown on related salary curves from its industry and community surveys. The Minimum and Merit Maximum rates, as well as the values for each of the performance sectors, are then calculated from that mid point using established percentage values.

In making its external comparisons for pay setting the company uses the in-range Control Point as its internal reference point. It compares that value to both the Mean of the Rates Actually Paid outside and the Third Quartile of Rates Actually Paid to comparable outside employees. Company A noted that the reason for reporting the use of these two outside reference points is that the company refers to several surveys and decides which is the most appropriate measure to use. This selection is dependent on the companies participating in the survey being studied.

Employees below the Normal Maximum in the lower level Office jobs progress up to that rate on the basis of fixed step rates. These step rates may be granted one or more at a time depending on individual performance. For all other employees in the Office category, as well as for its Management, Professional and Technical employees, progression is on the basis of variable increases dependent on individual performance.

Where the system of step rate increases applies, the difference between individual steps is typically 5%. Employees normally receive increases every six months or 12 months, depending on the job.

For most of the employees under this range type, the progression is by variable increases depending on individual performance. In-range increases are normally received on annual basis, although the company notes that the timing of the increases can be varied depending on individual performance. Similarly, the size of the increases varies with performance. The consistently outstanding performer, who can expect to progress beyond the Normal Maximum rate, will progress more rapidly through the salary structure than the

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

employee whose performance is only satisfactory. The in-range increases granted to an employee reflect the company's judgement of the employee's performance during the review period. No fixed percentages are established for that progression. The final position of the employee's salary in the range for the particular review period is determined first, then the percentage increase over his/her current rate is calculated.

As a result, the company was unable to report any percentage increase applying for the highest or lowest level of performance. It noted that the continuing average or satisfactory performer will receive an increase in line with the increase in the range mid point, provided he/she was paid appropriately in the previous year.

In summary, each time an employee is given an increase, the size of that increase is dependent on his/her current position in the salary range and his/her assessed level of consistent performance. The employee can progress to the Normal Maximum rate if his/her performance is fully satisfactory and to a rate at a higher position in the range if his/her performance is superior or outstanding.

Although the company reported that, in general, employees are only paid above the Normal Maximum rate for above average performance, it noted that, for Management and Professional employees, its policy has flexibility to meet particular problem situations.

Employees are not advised of the size of in-range increases as distinct from range adjustments. The ranges are normally adjusted on January 1st each year and the employee receives his/her increase, which consists of the combined range and merit adjustments, on his/her anniversary date.

The company has no fixed policy on the total amount of increases that can be given for performance. It provides increases to employees on the basis of consistent performance ratings only. Consolidated reports on the compa-ratios (i.e. the expression of average actual salaries as a percentage of the average of Control Point rates) for employee groups are prepared as a management tool. These permit comparisons between company units. As a result of those calculations the company was able to report that the average salary for the Management/Professional group was at the mid point of the ranges with approximately 15% of the group being paid above the Normal Maximum.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

Geographic Pay Differentials

While company-wide rates apply to all Management and Professional employees in the company, Technical, Office and Non-Office employees have rates that are determined separately at individual company locations. Each location has the responsibility for setting the salary schedules for these classes. The information used to set these rates is obtained from local surveys and established relationships between jobs. Company A's Head Office provides advice and data, but does not control the process. Information supplied by Head Office includes data reported by other survey organizations and information obtained in the company's own surveys.

For the Management and Professional employees, although the company reported that there is no formal policy, it indicated that in individual cases, employees may be placed in different parts of company-wide salary ranges to recognize geographic pay differences.

The company reported that there are rarely any transfers of Technical, Office and Non-Office employees. When Management and Professional employees are transferred, the relocation is usually associated with a promotion and, therefore, a pay increase is usually received.

Salary Administration - General

Where salary ranges apply, Company A has no minimum limit on what increase an employee should receive in a promotion from one level to another. Maximum increases attributable to promotion should not exceed the difference between the mid points of the old and new salary ranges. Management examines each case individually in light of the appropriate level that the employee is expected to attain within the salary range for the new level in the short term.

If it is anticipated that the employee will achieve a "competent" performance level within one year, a full increase is given. A full increase is a figure which would not be greater than the change in mid points between the old and new salary ranges. If an employee is not expected to be "competent" in the new job until two or three years in the future, less than a full increase is granted.

Where the company faces a situation in which external market rates for a specific occupation were significantly higher than rates paid to comparable company employees in a multi-occupation salary schedule, practices vary depending on the employment category in which this situation occurs. For Management and Professional employees, the Company A would permit faster than normal progression in the ranges and easier than normal access to the higher sectors of the ranges. For non-unionized Office and Non-Office employees and all Technical category employees the company feels that it is

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

unlikely to face the situation because the rate schedules are set on the basis of local market rates. At some locations salary schedules are reviewed twice a year to ensure comparability with the marketplace. Where such a situation arose for the unionized Office and Non-Office employees, the company reports that it would reopen the agreement to establish a separate salary supplement for the particular positions affected.

In the reverse situation, that is where external market rates for a specific occupation were found to be significantly lower than rates paid to comparable company employees in a multi-occupation salary schedule, the company reported no action would be taken for Management and Professional classes. Each case is treated individually. For Technical, Office and Non-Office employees, this situation is treated under the company's red-circle procedure. The company would increase the rates for the affected occupations at a slower pace over a period of four years to bring them in line with the evaluated rate. At those locations where company and community salaries are compared twice a year this situation should not occur. For unionized employees in the Office and Non-Office categories the rates are fixed for the term of the collective agreement. Therefore, the company could take no action during that term.

In cases where a position is red-circled, i.e. when an individual's job no longer merits its present rate or range, Company A's practice for Management and Professional employees normally is to grant partial salary increases, but not to reduce the salary range until the employee has vacated the job. Each situation, however, is reviewed individually to determine the appropriate action. For employees in the Technical, Office and Non-Office categories, the company would reduce the salary of these employees over a four-year period. It would accomplish this by giving them smaller increases than other employees in their schedules, to bring them in line at the end of that period with the ranges and rates applying to the evaluated levels of their jobs.

Company A noted that its practices when an employee's position is red-circled or when external market rates are found to be significantly lower than company rates can vary with each individual case. It reported instances where a red-circled position had been redesigned and enriched so that it rated at the former level. Also, management action would be influenced by such factors as whether the employee's current rate was high or low in the present range. If it was at a low point in the range less financial hardship would be suffered by red-circling action, since the rate for the lower level would catch up to the employee's current rate sooner.

In describing its practice in setting pay schedules and establishing the number of ranges in those schedules, Company A reported that for Management and Professional employees there is one schedule with nine ranges which covers levels at the lower end of these categories. Above that schedule it has used the pay practice of "dollars per point", so that a

SELECTED COMPANIES - POLICIES AND PRACTICES

Company A

separate range is established for every job. For employees in the Technical employment category, each location has a separate schedule. Most of these schedules have four ranges, although those for Draftsmen have six salary ranges. Non-union employees in the Office category have separate schedules at each location with numbers of ranges in each varying from five to nine. Unionized Office employees have a single schedule with five ranges at each location.

The Non-Office unionized employees have a different pay schedule for each collective agreement. The agreement which was used as representative, in the questionnaire completed by Company A, has 12 separate rates.

In determining its pay schedule adjustments for Management and Professional classes, the company reviews the pay levels and movements in industry generally with particular emphasis on its own or related industries. It also gives consideration to internal relativities and to its ability to recruit and retain employees. For these two employment categories the primary factor considered is the pay level in the community.

For Technical, Office and Non-Office employees, the company also studies the pay levels and the pay increases in the community and in the industry. It is less concerned with these factors on a province-wide or national basis. Again, it looks at the movements in the Consumer Price Index and takes into account internal relativities and the recruitment and retention of employees. For Technical employees the primary factor considered is pay levels in the community. For Office and Non-Office employees two factors were considered of primary importance. The pay levels and the rates of pay increases in the community were of paramount importance for these employees.

Among the other survey data from several other organizations and groups, Company A reported using Pay Research Bureau data for Management, Professional, Technical and Office employees. While it uses PRB data to assess general trends in these four categories, it is used as one of several data sources for setting compensation rates for Management and Professional employees and as a primary data source for setting compensation rates for Technical and Office employees.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company B

Job Evaluation Systems

The company has formal job evaluation plans applying to all its employees. Its Management employees and its non-union Office employees are on point-rating systems. It uses grade description systems for its Professional and Technical employees. A ranking system applies to unionized employees in the Office and Non-Office categories. Company B's point-rating systems are not based on plans developed by any management consulting organization.

Where employees are represented by a union, the company reports that when a formal job evaluation plan is introduced or changed, there are negotiations with the union on the plan type, the compensable factors and the final job evaluations.

The only details of the job evaluation plans that are disclosed to company employees is job evaluation's relativity to pay. There is no difference in disclosure practices between unionized and non-union employees.

When an employee is dissatisfied with the evaluation of his/her position, unionized employees can make use of the formal grievance procedure to take the dispute to third party arbitration, if the matter is not resolved at an earlier stage. An informal redress procedure applies to non-union employees. The highest level of authority to which the non-union employee can appeal is his or her immediate supervisor.

Types of Wage and Salary Structures

Company B's Management, Professional and Technical employees are on salary ranges of the Minimum - Normal Maximum - Merit Maximum type. Most of the company's Office employees are on Minimum - Normal Maximum type salary ranges. All unionized Office employees and all of the Non-Office employees are on single rates of pay. Where there is union/non-union relativity, as in the Office positions, every effort is made to maintain similar rate levels for similar work.

Single Rates System

A few Office employees and a vast majority of Non-Office employees are under this type of pay system. These employees are all covered by collective agreements and, thus, are aware of all rates in their own pay schedules and in those of other employees covered by agreements. They are also aware of the frequency of pay schedule adjustments and of the practices followed in determining pay rates on promotion and transfer.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company B

With respect to differentials between rates for different classification levels, because of the large size and diversity of its Non-Office employment, the company was unable to report any average percentage differential figure. For employees covered by this system in the Office category, it indicated that 1.6% could be used as a representative figure for the spread between rates for different levels. Company B advised that the job evaluation plan takes into account an employee's supervisory responsibility and that no separate supervisory differential is paid.

Minimum - Normal Maximum Salary Structures

Most Office employees are paid on ranges in which the Maximum rate is attained by employees with sufficient service and continuing fully satisfactory performance. Some unionized Non-Office employees are paid on step-rates which are time-related.

Non-union employees receive slightly less information about the ranges than do the unionized ones. The non-union employees are aware of the range applicable to themselves, the frequency of salary schedule adjustments, and the frequency and amount of in-range increases. The unionized employees, because they are covered by collective agreements, are also aware of all steps in salary schedules where collective agreements apply and of the practices followed in determining salary rates on promotion and transfer.

Non union Office ranges tend to overlap one another. That is the Minimum rate of a range is generally lower than the Maximum rate of a next lower range. The spread between the Minimum and Maximum rates of each range is 13.6%. Comparing the Maximum rates of each range with those of the next lower range, the company reported an average differential of 5.7%. The highest spread was 6.5% and the lowest was 5.2%.

In making its external comparisons the company stressed that, for unionized employees, the final decisions on the appropriate levels of rates are made in negotiations with the unions. However, it noted that in making its comparisons, it looks at the Maximum Rates of its Own Ranges in comparison with the Mean of the Rates Actually Paid to comparable employees in the outside market.

Non-union office employees progress through these salary ranges on the basis of one fixed step granted every six months for 1½ years for employees with satisfactory performance. The value of each such increase is 4%. Union office employees progress through their ranges on the basis of increases granted every 13 weeks until the base rate is attained with the amount of each increase varying with the classification level.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company B

Range adjustments and in-range increases are separately identified to all Office employees, both unionized and non-unionized. Range adjustments are normally granted on the same date for all such employees while the in-range increases are granted on dates related to the employee's date of appointment to the position.

Minimum - Normal Maximum - Merit Maximum Salary Structures

Company B's employees in the Management, Professional and Technical categories are covered by this range type.

The items of information disclosed by the company to the employees who are on this range system are: the range applicable to individual employee, the frequency of salary schedule adjustments, the frequency of in-range adjustments and practices followed in determining salary rates on promotion and transfer. No unionized employees are covered by this salary structure.

Ranges tend to overlap. The minimum rate of range is generally lower than the Merit Maximum rate of the range for the next lower classification level.

The Normal Maximum rate, to which the fully satisfactory performer should proceed, is established 60% of the way from the Minimum to the Merit Maximum. The company also uses an in-range Control Point which is located half-way between the Minimum and the Merit Maximum.

The Merit Maximum is 35% above the Minimum of each range and the Normal Maximum is 21% above the minimum rate of each range. The differentials between ranges, measured by the spread between the Normal Maximum rate of one range and the Normal Maximum rate of the next lower range, averages 9.5% for Management and Professional employees. In those two categories the highest differential between ranges is 10% and the lowest is 9%. For the Technical category, the differential between the Normal Maximum rates in all cases is 13.5%. The same values apply in comparing the control point differentials from one range to the next in these three employment categories.

In describing the philosophy it uses to construct each range, the company reported that within each range it identifies five points. These are at 85%, 97%, 100%, 103% and 115%. 100% is the Control Point. A continuing fully satisfactory employee would be paid in between 97% and 103% of the Control Point, after sufficient time in position. Thus, 103% can be considered the Normal Maximum. Annually, the company makes a decision as to the appropriate range adjustment that should apply at the Control Point, i.e. 100%. Subsequently, all of the other values are adjusted in proportion.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company B

In making its external comparisons the company uses the Control Point Rates of its Ranges in comparison with the Mean of Rates Actually Paid in the external market for comparable employees.

Employees progress through these ranges by variable increases which are dependent on their individual performance. Normally, employees are entitled to increases every 12 months. The company was unable to give specific values as to how the increases for varying levels of performance are established. It advised that the size of these in-range increases for varying performance levels are themselves decided on annual basis. In determining the size of the increase that will apply to an individual employee, consideration is given to both the employee's assessed level of performance and his/her current position in the salary range.

The company reported special provisions for recent university graduates, particularly in the Engineering and Computer Sciences fields. During the first 24 months of their employment these employees can receive 6% merit increases each six months, as well as being given consideration for promotion to the next salary grade after each 12 months period.

The Company's 1981 salary program was composed of two parts. An economic increase was distributed to the employees based on satisfactory performance and a merit budget was provided for each unit to be used for distribution of merit increases based on performance. The merit budget is expressed as a percentage of December 31 payroll of each department. No specific merit increase guidelines were specified except the condition that the average departmental budget should not be overspent.

While Company B reported that only employees with above average performance are normally expected to exceed the Normal Maximum rates of the ranges, it also advised that there is provision to allow exceptions to that policy based on market consideration.

Economic adjustments and merit increases are separately identified to the employees. In most cases employees receive their increases, which reflect both the range adjustments and the in-range increases, on the same date as all other employees under this range type.

In controlling the salary budget for these ranges the company uses several mechanisms. It notes that in some years the compa-ratio (the comparison of average actual salaries to the average Control Point rates) has been used in providing a budget for salary increases. In other years a percentage of total salaries has been provided as a budget for in-range increases.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company B

Geographic Pay Differentials

The company does not provide any different rates for employees working in different geographic locations and provides no different treatment within its national pay scales for employees at different work locations.

Where employees are transferred from one location to another the company reports that, for its unionized employees, there is no connection between transfers and pay increases. For its non-union employees in the Management, Professional, Technical and Office categories it notes that practices with respect to pay increases on transfers are discretionary. However, there are generally no pay increases on in-grade transfers.

Salary Administration - General

When a non-union employee is promoted, he or she is either paid at the Minimum rate of the new salary range or provided a minimum increase of 7.5%. For unionized employees, if an employee moves to a higher rated job he or she is normally paid the full rate for that job unless a step system applies. Where a step system applies, he or she may be given credit for previous experience and start at a rate above the Minimum step.

When the company is faced with a situation where external market rates for a specific occupation are significantly higher than rates paid to comparable company employees in a multi-occupation salary schedule, the Company would create a unique salary schedule for that occupation should this occur for a class in its Management, Professional or Technical categories. For unionized Office and Non-Office employees, such external market relationships would be dealt with in the next round of negotiations. For non-union Office employees, the rates and practices for unionized Office employees would be the strongest influence on any action taken.

In the reverse situation, where external market rates for a specific job are lower than rates paid to comparable company employees, normal practice for non-union employees in Company B would be that no action would be taken. The company notes that internal equity is a very important factor in determining its pay ranges. For its unionized employees such external relationships would be taken into account in the next round of negotiations.

The company describes its red-circle policy, i.e. when an individual employee's job no longer merits its present rate or range, as differing somewhat between employment categories. For Management, Professional and Technical employees, the salary level would not be reduced until the employee vacates the job. In the interim, partial salary increases may be granted. That is, an individual in such a position may continue to receive economic increases (normally the amount of the range adjustment), but may not receive in-range or merit increases.

SELECTED COMPANIES - POLICIES AND PRACTICES

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In the case of non-union Office employees, while the rate or range would only be reduced after the employee left the job, as long as the employee remains in the job the salary would be frozen until the range for the new pay level catches up to it. For unionized Office and Non-Office employees, the positions in question would be reclassified and rebulletined at the appropriate lower rate. It may be that the incumbents of these positions could retain their current rate of pay through the exercise of seniority. However, in the case of a person who has to take a lower rated job, no incumbency rate protection would apply unless the job reclassification was brought about by a technological, organizational or operational change in which event the incumbency rate would be maintained for a period of three years and thereafter until subsequent general wage increases erased the differential.

Reporting on its pay schedules and number of ranges in those schedules, Company B indicated a practice that varied widely by occupational category. For its Management employees it has two pay schedules with five ranges in one and nine in the other. Its Professional employees are covered by one of these schedules with five, nine, or ten ranges depending on occupational group. Its Technical employees have one schedule with eight ranges. For its Office employees, Company B was only able to report values for the non-union employees. It has one schedule covering these employees. That schedule has 11 ranges.

The problem of reporting this information was even more extreme for its Non-Office workers. Here it was impossible for the company to provide any values because of the large number of separate collective agreements and rates under those agreements.

In response to the Bureau's question as to whether individual occupations have separate pay schedules from other employees in the same category of employment, the company reported that this was the practice for Engineers, Technicians, Computer Systems Analysts and Computer Programmer personnel, and company Lawyers.

In reporting on the factors which it considered in determining pay schedule adjustments, the company indicated that, for its Management, Professional and Technical employees, it examines pay levels in Canada, the size of pay increases in Canada, consumer price movements, internal relativities and profitability. For those three employment categories, two factors, consumer price movements and internal relativities, were currently considered to be of primary importance.

For its Office employees Company B looks at the pay levels and the size of pay increases in its own industry. It considers these two factors to be of equal importance in the final determination of pay schedules.

SELECTED COMPANIES - POLICIES AND PRACTICES

Company B

For unionized employees in both the Office and Non-Office categories, the company uses pay levels in the industry, pay levels in Canada, pay increases in the community, in the industry, in the province and in Canada. It also examines consumer price movements, productivity and internal relationships. The three factors accorded primary importance are pay increases in Canada, consumer price movements and productivity.

For its non-union Office employees, Company B reports that the size of increases granted to unionized employees is always considered as a major factor in determining the scales and the salary increases that will apply to the non-organized employees.

The company reported that it uses Pay Research Bureau data as one of several survey sources to set its rates of pay for employees in all of the five categories considered in the survey. For its Management, Office and Non-Office employees it uses the Pay Research Bureau data only to assess general trends. For its Professional and Technical employees PRB data is used as a primary data source for setting compensation rates.

The company reported that where pay rates are negotiated with unions, it is the normal practice for management to provide copies of any relevant survey data to the union representatives.

